

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,459

Tuesday February 9 1988

D 8523 A

What will become
of post-Ayatollah
Iran? Page 16

Austria	\$222	Iceland	Rs3100
Sabah	\$46,050	Yemen	Rs7,00
Belgium	BP748	Italy	L1600
Canada	C\$1,00	Singapore	S\$2,10
Greece	Dr1,00	South Africa	R10,25
Iceland	Dr4,00	Sri Lanka	Rs50
Iraq	Dr2,25	Turkey	TL100
Finland	Fr7,00	Uganda	Shs4,00
France	Fr16,20	Lebanon	LL25,00
Germany	DM2,20	Malta	Rs4,25
Mexico	Pes200	Thailand	Ba20
Norway	Nkr2,00	Tunisia	DM1,00
Hong Kong	HK\$12	Turkey	TL500
India	Rs25	USA	US\$1,00
Norway	Nkr2,00		

World News

Business Summary

Former PM attempts to oust Mahathir

Malaysia's first prime minister, Tun Dr Abdul Rahman, demanded the resignation of Prime Minister Mahathir Mohamad and announced a plan to revive the ruling Umno party, declared illegal by the High Court last week. Page 18

Nato call attacked

Soviet Defence Minister Dmitry Yazov criticised calls to build a Nato force to compensate for the removal of US nuclear missiles from Europe and urged sharp cuts in what he said were equivalent conventional forces. Page 18

US-Panama probe

A Senate Foreign Relations subcommittee opened hearings on US policy in Central America, expected to detail close ties between US government agencies and international drug cartels. Page 4

Soviet funds low

Soviet workers' pay increases and industry's failure to meet its financial targets had led to a shortfall in state funds and the late payment of workers' salaries, the head of the State Bank's money circulation department said.

Murdoch Post threat

New York Post publisher Rupert Murdoch threatened to close the newspaper if less than two weeks unless unions agreed to a 12 per cent pay cut so that he could sell it to property developer Peter Kalikow. Page 18

AIDS victims deported

South Africa has started deporting up to 1,000 black migrant workers who were carrying the AIDS virus. Health Minister Willie van Niekerk said.

Swedish strike ends

More than 8,000 Swedish white-collar workers and plant workers returned to work after a three-week strike over pay which halted production at leading export companies and cost industry about Skr16m (£2.7bn). Page 2

Philippines toll

Communist guerrillas killed a government official in Manila and 11 other people died in a series of provincial attacks.

Minister quits

Australian Immigration Minister Mick Young resigned from parliament in a political row involving a donation to the ruling Labour Party. Hawke's woes, Page 3

Mafia trial ends

A year-long trial of Mafia gangsters ended in Milan with 13 defendants sentenced to life imprisonment and 86 others jailed for crimes including extortion, drug trafficking and murder.

Seoul leader resigns

South Korean opposition leader Kim Young Sun surprised his followers and the public by announcing his resignation as chief of the country's largest opposition party. Page 18

W German air crash

Twenty-one people were killed when a West German commuter aircraft crashed near Muelheim after flying into a storm. Page 2

Barre for presidency

Former Prime Minister Raymond Barre announced he would be a candidate in French presidential elections due to be held in April and May. Page 2

Cardboard constables

Danish police said they were using cardboard cut-out policemen to discourage speeding drivers - with the result that offences had dropped by a third.

Hanson to sell US cement unit for \$195m

MR KURT WALDHEIM indicated last night that he intended to stay as Austrian President despite a critical report about his wartime past, writes Judy Dempsey, in Vienna. But the report by a commission of historians is expected to raise powerful questions about Mr Waldheim's future.

The commission investigating his war record found that he knew about war crimes, although it did not find that he committed any.

In a comment appearance on television last night, Mr Waldheim said the commission showed that he was not personally guilty of crimes. "Know-

ledge is not a crime," he added. Indicating his determination to stay in office, he said the report had "no consequences" for him.

Mr Franz Vranitzky, the Austrian chancellor, on the other hand appeared worried in a television interview, and when asked whether the historians' report would end discussion about Mr Waldheim, he replied bluntly: "No."

The television appearances of the Austrian leaders climaxed a day marked by a bizarre series of cancelled meetings, wildly conflicting rumours and chaotic scenes in Austria's corridors of power.

The eminent historians' 200-

page report, which was commissioned by the Austrian government and took five months to complete, was delivered yesterday to Mr Vranitzky amid widespread suggestions that the contents had been doctored at the last moment under government pressure.

Mr Vranitzky, who cancelled a late afternoon press conference without explanation as hundreds of journalists called about his office, said of the document: "He (Mr Waldheim) is not accused of any personal guilt, but there are very critical elements in the report about his activities." It was too early to assess the document's consequences, the Chancellor

added, enigmatically. Mr Hans Rudolf Kurz, chairman of the commission, said Mr Waldheim, a former UN Secretary-General, was in a "central" position during his time in Yugoslavia and Greece and that "he knew a lot."

Mr Manfred Messerschmidt, a West German member of the commission, said Mr Waldheim's knowledge of atrocities in his capacity as an intelligence officer. He denied that the report was a "black mark" on Mr Waldheim.

The report will not prove that Waldheim was a war criminal," he said, adding: "There are certain questions" about his activities in Yugoslavia.

Part of the report, which was believed to discuss Mr Waldheim's moral responsibility for war crimes, was excluded from the final document. It was not clear why, though Mr Kurz denied that pressure had been exerted on the commission.

Mr Waldheim was elected president of Austria in 1986 despite the allegations against him. He always denied the allegations and when the historians' commission was set up, it was widely thought it might vindicate him. Although the historians' report has still not been made public, leaks indicate that it is more critical of Mr Waldheim than anticipated.

Report reaction, Page 2

Ford to lay off 2,500 Belgian workers as UK strike takes grip

BY CHARLES LEADBEATER IN LONDON

THE STRIKE by Ford Motor Company's 32,500 manual workers in Britain which yesterday shut its 22 UK plants, will today seriously disrupt the company's European operations.

The strike, which was supported unanimously even at plants which last week voted to accept the company's radical three-year wage offer, provoked angry exchanges in the British Parliament and unsettled the City of London. The Ford dispute strike is the latest in a wave of labour unrest involving nurses, seamen and miners, that has plagued Britain in recent weeks.

With Ford's UK operations losing production of 2,500 vehicles a day, with £17m (about \$20m) at showroom prices, 2,500 workers at Ford's plant at Genk, Belgium will be laid off today. The plant's Transistorised production, which produces 270 vans a day, will be halted because the supplier has stopped the supply of 2.5 litre diesel engines from Ford's plant at Dagenham in the UK.

The Genk plant's Sierra

estate production line will also be brought to a standstill, but workers will be redeployed to production on other models. The International Metalworkers Federation in Geneva predicted the other 8,500 workers on Genk's Sierra line will be laid off from the end of the week.

In addition, production at Ford-Werke's Saarlouis plant, West Germany, which manufactures Escort and Orion saloons, will today be cut from 1,250 vehicles a day to 800 because of shortages of UK supplied components, mainly engines from the Bridgend plant in South Wales.

The company said longer breaks and training courses for the 6,000 manual workers at Saarlouis would prevent layoffs at the plant.

The UK Amalgamated Engineering Union predicted further disruption in West Germany. The union said Fiesta production at the company's engine plant, which employs 26,000, would be halted later this week.

Ford's smaller UK components suppliers could be seri-

ously affected if the strike continues. The company said dealers had reasonably healthy stocks, although these had been affected by a combination of unofficial stoppages before Christmas and stronger than expected demand.

The strike, the first at the company since an eight week stoppage almost 10 years ago, follows the breakdown of talks on Friday over the company's three-year wage offer. Manual workers rejected the offer by 15,093 votes to 9,477 in ballots last week.

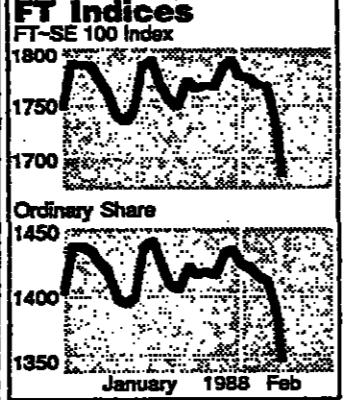
The offer, which was subsequently withdrawn by the company, would have increased basic pay rates by 7 per cent in 1987-88, with rises in the following years worth 2.5 per cent more than the inflation rate.

The company also proposed far-reaching changes to working practices, including the establishment of shop-floor work teams, led by group leaders, in which for the first time there would be a measure of interchangeability between skilled and unskilled workers.

Continued on Page 18

LABOUR UNREST UNSETTLES MARKETS

BY SIMON HOLBERTON IN LONDON



SHARE prices in London fell sharply yesterday as concern over the course of the Ford dispute and buoyant demand in the UK economy prompted fears of another rise in domestic interest rates.

Dealers and analysts said speculation of an imminent rise in bank base rates together with official figures released yesterday, showing strong retail sales growth and another big rise in consumer credit, heightened investor concerns about the economy overheating.

Bank of England, however, sought to play down the possibility of an imminent rise in borrowing costs and attributed the fall in the equity and gilt-edged markets to the City feeding on fear generated by the speculation on interest rates.

Continued on Page 18

Currencies, Page 29; London stock exchange, Page 36

La Générale shares in hectic trading on eve of court ruling

BY TIM DICKSON IN BRUSSELS AND JOHN WYLES IN ROME

A RECORD 12 per cent of the company's shares in Société Générale de Belgique changed hands yesterday as participants in Belgium's biggest ever bid battle braced themselves for a key legal decision.

Among other developments on a day of growing tension, Mr Andre Leyens, the Flemish businessman, who is a leading challenger to the ambitions of Mr Carlo De Benedetti, the Italian entrepreneur, claimed that he headed a group of investors which now controls more than 20 per cent of La Générale's share capital. This includes Legius, a new Flemish commercial bank, which also indicated a determination to influence the future strategy of Belgium's most powerful business institution.

The outcome of what has been an absorbing three week struggle for La Générale appeared even more uncertain after yesterday's hectic Bourse trading. A total of 3.4m shares were

exchanged as the company's share price leapt more than 15 per cent to Brf4360 (\$124), having touched Brf420.

The source of the buying was not clear, but analysts confirmed last night that "friends" of all the participants were probably involved and that most of La Générale's shares were now in one or other of the major "camps."

These belong to Mr De Benedetti, who already directly or indirectly controls 18.6 per cent and wants to make a partial offer for 15 per cent of the rest;

Compagnie Financière du Suez, the recently privatised Paris-based financial group which has disclosed a 10 per cent stake, but whose allies are thought to speak for considerably more; and Mr Leyens, president of Gevaert, the financial holding company, who first shot to prominence in the current saga at the head of a group of institutions with an option to buy at least 10m of the 12m new shares which La Générale

wants to issue to dilute Mr De Benedetti's stake.

At a press conference in Brussels yesterday, Mr Leyens announced that a further five shareholders in La Générale - including Lessus, the brewery group Artois and AG, the major insurance company - had joined his aims and, together with other members of his camp, now spoke for 23 per cent of La Générale's capital. Along with an, as yet, unidentified European shareholder, who Mr Leyens says speaks for 4.5 per cent, this makes 27.5 per cent.

Today's crucial court decision concerns the legality of La Générale's proposed share issue. Mr Leyens says that if it goes in his favour, his group would control almost 50 per cent of La Générale's capital.

The De Benedetti group yesterday launched an extraordinary attack on what it described as mercenaries who had rallied to the defence of the La Générale management with neither a clear strategy nor an industrial vocation.

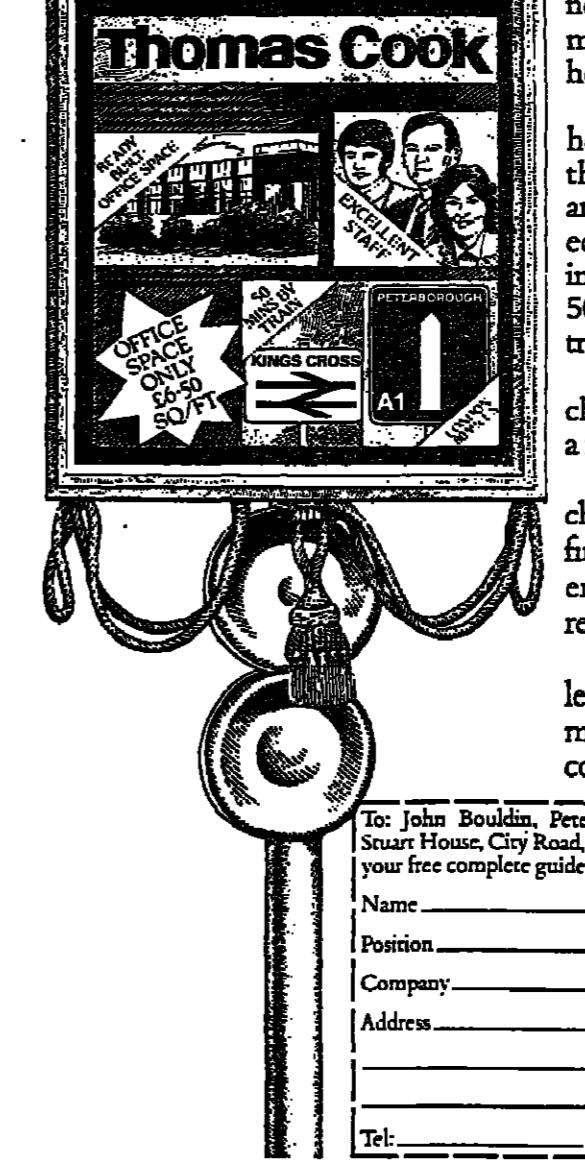
Continued on Page 18

Europe: a deafening silence on defence, Page 18



Prime Minister Bob Hawke is fielding accusations that his party is disintegrating, Page 18

ONE TRIP TO PETERBOROUGH
SAVED THIS TRAVEL COMPANY
OVER £3 MILLION LAST YEAR.



In business as well as in travel Thomas Cook have always been going places. But never more so than since they moved their international headquarters to Peterborough.

With Peterborough's overheads amongst the lowest in the country, Thomas Cook annually save millions compared with the cost of operating in London. Yet they're still only 50 minutes by high speed 125 train from the capital.

Peterborough is the ideal choice for companies seeking a new location.

There's an outstanding choice of housing. Schools are first class and people here enjoy unrivalled sporting and recreational opportunities.

If you'd like to join the legion companies who have moved here, cut out the coupon now.

To:	John Boulton, Peterborough Development Corporation, Stuart House, City Road, Peterborough PE1 1UJ. Please send me your free complete guide to relocation.
Name:	_____
Position:	_____
Company:	_____
Address:	_____
Tel:	_____
IT'S BEEN WORKING FOR CENTURIES	

OVERSEAS NEWS

Gaza violence flares at funeral of Palestinian

BY ANDREW WHITLEY IN JERUSALEM

A 15-YEAR-OLD Palestinian schoolboy, Iyad Mohammed Aqel, from the Bureij refugee camp in the Gaza Strip, was buried yesterday after being taken from his home and beaten to death on Sunday night by Israeli soldiers. His 18-year-old cousin, abducted at the same time, is in hospital with a broken arm.

During angry demonstrations which accompanied the teenager's funeral, troops shot and injured four people – including an 11-year-old girl – in Bureij and the neighbouring refugee camp of Nuseirat.

In the doleful, daily litany of casualties, Iyad Aqel's grimace seems almost banal for two reasons. He was the first to die incontrovertibly as a result of the beatings policy ordered by Mr Yitzhak Rabin, the Defence Minister, three weeks ago and, with his death, the toll from the two month-long uprising reached 50.

In a separate, more obscure, incident yesterday a 25-year-old Palestinian died after being shot in the head – apparently by an Israeli civilian – in the West Bank village of Kfar Kadum, near Nablus.

Yesterday in Jerusalem, adders. There were fierce clashes in Arab East Jerusalem. Two policemen were injured in the Silwan district when Arab youths set fire to a delivery van that police had commandeered and camouflaged as a delivery van, witnesses said.

A general strike called by a clandestine "Unified Leadership of the Uprising" was widely observed yesterday with very few Arab labourers leaving the West Bank and Gaza Strip for their jobs in Israel.

Defence Minister Yitzhak Rabin ordered troops last month to beat rioters instead of shooting them after worldwide condemnation of Israel's use of force to crush Arab unrest.

But troops have increasingly resorted to live ammunition again in the last week.

Foreign Minister Shimon Peres said there was no military solution to the unrest in the occupied territories because Israel was limited by moral constraints.

"We have limitations on how to deal with stone-throwers, limitations that we placed upon ourselves because we do not want to be human animals," he said.

Police used tear gas to disperse stone-throwing youths at Herod's Gate to the Old City of Jerusalem and two Israeli youths were lightly injured.

Unrest was reported in several outlying Arab villages as the uprising spread to areas normally remote from any political agitation.



Rabin: Beatings policy

Israeli right considers ending of Arab vote

BY EDWARD MORTIMER, RECENTLY IN JERUSALEM

SHOULD ARABS be allowed to choose the Prime Minister of a Jewish state? This question is increasingly asked by right-wing Israelis, who have noticed that the electoral weight of Israel's 320,000 Arab voters is enough to tip the delicately poised balance of Israeli politics in favour of the left.

If the vote were restricted – as Mr Ariel Sharon, the former Defence Minister, has proposed – to those parts of the population liable for military service, the Likud block and its allies on the right would enjoy a comfortable and quasi-permanent parliamentary majority. But the Arab vote, nearly 90 per cent of which went to left-wing parties in the 1984 general election, gives a slight advantage to the left.

Not since 1977 has this produced a left-wing government, because the left is split. In 1984, 32 per cent of the Arab vote went to the Communist-led Front for Democracy and Equality, and another 18 per cent to the "Progressive List for Peace" (PLP), which is to all intents and purposes an Arab nationalist party.

A coalition between either of those groups and the Labour party is very hard to imagine, because they are unlikely to side with its opponents. In the last election, 24 per cent of the Arab vote went directly to the joint list put up by Labour and the left-wing Zionist party Mapam, 6 per cent to the list of General Ezer Weizman, who has since joined Labour, and another 6 per cent to the centre-left party Shinui. Without these votes Labour could not have imposed itself as equal partner with Likud in the National Unity Government, still less obtained the prime ministership for the first two years of the government's term.

Until two months ago Labour was widely expected to improve its share of the Arab vote in the election due later this year, thanks mainly to Gen Weizman, whose dovish views are popular with Arabs and who during the 1984-86 period, under Mr Shimon Peres, was able to make some concessions to Arab domestic interests, notably the return to Arab owners of land formerly confiscated by the army.

But the "uprising" in the occupied territories and the army's violent reaction to it under Mr Yitzhak Rabin, the Labour Defence Minister, have changed all that. Arab anger at the government's repressive policies found eloquent expression at a demonstration in Nazareth on January 23, during which Labour's only Arab member of parliament, Mr Abdulla Wahab Darawsheh, dramatically announced his resignation from the party, calling Mr Rabin a "murderer."

The gesture made Mr Darawsheh, at least momentarily, an Arab hero. He has called on Labour's 9,000 Arab members to join him, and apparently intends to form a new party of his own. But some Arab com-

Third minister to leave in two months, Chris Sherwell reports

Resignation adds to Hawke's woes

A SENIOR Cabinet minister in Australia's Government unexpectedly resigned his post and parliamentary seat yesterday, adding to the ruling Labor party's list of political woes.

Mr Mick Young, Minister for Immigration and Ethnic Affairs, announced his abrupt move in the wake of a blazing controversy last week over a company's \$A10,000 (\$4,040) contribution to Labor party funds.

The resignation was a surprise because his protestations of innocence had been strongly supported by other party officials involved. But the intense publicity surrounding the affair – a powerful reminder of the heat generated in domestic Australian politics – has evidently upset him.

Mr Bob Hawke, the Prime Minister, resisted Mr Young's move unsuccessfully, and later called his departure "an immediate catastrophe".

The 51-year-old former shearer is the third minister to leave office in two months. A frustrated Sen Susan Ryan resigned for a publishing job in December, while Mr John Brown, Minister of Tourism, the Arts, the Environment and Sport, departed under a cloud after misleading parliament over the award of a contract for the Expo '88 fair.

The move means Labor must face another by-election in South Australia, where the party suffered a crushing defeat by the opposition Liberals last weekend. The loss of

the safe seat of Adelaide was Labor's first electoral defeat since being re-elected to a historic third successive term last July.

Both parties acknowledge that the outcome in Adelaide was not significantly influenced by the Young allegations. They say it was determined on the single issue of Australia Telecom's proposal to make the user pay by billing local telephone calls according to time instead of levying a single basic charge.

But Mr Hawke, having backed the time-charge plan, has since abandoned it, and this is being widely interpreted as a worrying sign of weakness on fundamental micro-economic reforms which Mr Hawke has made the cornerstone of his third term.

At stake is a planned programme of privatisation of capital-short public sector agencies, deregulation of transport and telecommunications, tax reform, cuts in protective tariffs and changes to the education system.

The departure of the experienced Mr Young, who last year was being tipped as a future deputy prime minister, is also another gloomy omen for Labor's chances in the forthcoming New South Wales state election, due in March.

Mr John Howard, the Liberal leader nationally, was jubilant yesterday over his opponents' problems. It indicates a change in and deterioration can occur in Labor," he declared.

Mr Nick Greiner, Liberal leader in New South Wales, said Mr Young's resignation showed Labor's right-wing machine, which dominates the party, was cracking under pressure.

In a statement announcing his move, Mr Young said there was "no hidden agenda" surrounding his resignation. He repeated his innocence, which had been publicly demonstrated, of any wrongdoing over the campaign donation.

The \$A10,000 donation came from woodchip company Harris Daishowa, which gave a similar sum to the Liberals. It was intended for the party's election campaign last July.

But last week, in what was hardly a coincidence, it emerged that Labor had failed to disclose the donation. The

money had instead gone to the administration fund, for which disclosure is unnecessary.

Mr Young, as the federal party president and the man who had received the cheque, said he had given it to Mr Stephen Loosley, a key New South Wales party official.

As a police investigation was mounted, Mr Young came under heavy attack from his opponents and the media. After days of heated controversy, Mr Young learned the company's history concerning the purpose of the donation in his office, indicating it was Mr Loosley who had misdirected the funds. The money has since been returned to Harris Daishowa.

Mr Young said yesterday he had always taken the good with the bad when it came to Australia's free press. "However, I feel that last week's coverage of my role in the donation to the Labor party was journalistic overkill."

The controversy was the third to involve Mr Young since Labor came to office in 1983. The first was his disclosure to a friend that a Soviet diplomat was to be expelled. The second involved an incorrect customs declaration.

Mr Young leaves government with a high reputation as a parliamentary tactician and electoral strategist. He helped Mr Gough Whitlam win power in 1972.

An MP since 1974, his departure deprives both the Government and the House of one of their more colourful figures.

UK assails seizure of lorries

By Robert Maunder, Diplomatic Correspondent

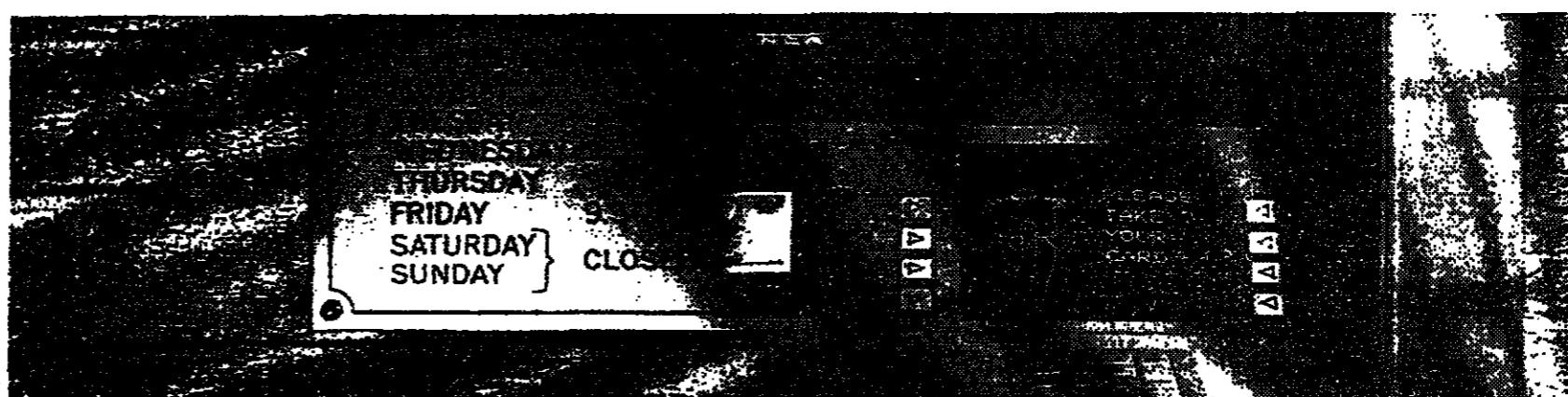
THE BRITISH Government yesterday protested in the "strongest terms" to Sudan over the requisitioning by the Sudanese army of Oxfam relief lorries.

Mr Chris Parton, the Overseas Development Minister, said he had received information that seven lorries were commanded by the army as they were distributing food to the famine-stricken southern Sudan region. They were part of a batch of 20 vehicles provided by the British Government at a cost of \$400,000 from its disaster fund.

Mr Parton said that the British Ambassador in Khartoum had delivered the protest to the Sudanese Ministry of Defence yesterday and had demanded immediate release of the lorries. "We will put the maximum pressure on the Sudanese Government," Mr Parton said in a radio interview. "The British taxpayer has been extremely generous to Sudan in this way and we expect that Britain might cut off its aid to Sudan if it did not receive satisfaction." Mr Parton said that it would be hard to explain to British taxpayers "why we should continue to be so generous when there are these problems."

Since the famine in Sudan started in November 1984, Britain has given £27m worth of aid to Sudan.

If we only made cash registers, banks would still be closed on Sunday.



*UNIX is a trademark of AT & T Bell Laboratories.

Thanks to NCR, getting money from a bank on Sunday isn't a criminal activity.

But although we're the biggest supplier of these invaluable machines, we also offer a range of high quality, high technology hardware and specialist software solutions for any size and type of business.

From the UNIX® based Tower family to the fault tolerant V9800; from retail terminals to networked PCs; this expertise – backed by our experience as a major computer manufacturer,

financial stability, comprehensive customer service and support, and commitment to industry standards – ensures long term protection of our

customers' investment.

In fact, if the problem's information processing, you can bank on us to come up with the answer.

Get in touch on 01-724 4050

NCR

Creating value.

N African leaders meet

COL Muammer Gaddafi, the Libyan leader, and President Chadli Bendjedid of Algeria arrived in Tunisia yesterday for a meeting with President Zine El Abidine Ben Ali, as part of efforts to bring about a regional political accord, AP reports from Tunis.

Mr Ben Ali welcomed the two leaders at Sidi-Youssef, 124 miles west of Tunis, where

AMERICAN NEWS

Lionel Barber on a front-runner among the cocktail snacks

As Iowa votes, Bush tails off

ROXANNE, the blonde advance-person for Vice President George Bush, poked her head round the garage door and beckoned to the assembled television camera crews: "OK, you can come on up now."

We had gathered at 4125 River Oaks Drive, a private detached house in an *haute* middle class suburb of Des Moines, for an evening "photo opportunity" with the Vice President. Banished for security reasons to a bone-crunchingly cold garage, most of us had numbly accepted that this campaign event, like so many stage-managed for television, would have little to offer.

In fact, that Sunday evening, on the eve of the Iowa caucuses, the first major election test of the 1988 American presidential election, revealed many of the strengths and weaknesses of Mr Bush. Though he may be the Republican party's national front-runner, he remains, for all his heroic World War II record and his long public service, a curiously brittle candidate.

The event had been billed as a gathering of undecided Republican voters, a chance for Mr Bush to display his powers of political persuasion. So we filed upstairs, to a balcony overlooking an open-plan living room filled with cocktail snacks, dinner jackets and a little boy wearing spectacles and

which the candidates' prospects of winning their party's presidential nomination will be measured.

In spite of polls showing that Senator Robert Dole is a clear frontrunner in Iowa in the Republican Party and Representative Richard Gephardt of Missouri has an edge on his Democratic rivals, observers are predicting that the caucuses will again spring a surprise.

Their judgments will establish the yardstick by

a "Vote for George Bush" badge.

As we stood down, like spectators watching a seal show at the zoo, two guests stood out among the sea of faces. Both had a decidedly oriental expression, and it took Mr Bush to explain that the two gentlemen were, well, not exactly registered Republican voters, but in fact members of the Japanese Diet (parliament).

Now, for those unfamiliar with the tribulations of Mr Bush's Iowa campaign, it seems only fair to point out that Mr Bush's problems do not lie in the Japanese American vote. They stem from a perception fostered with great skill by Mr Bush's chief Republican rival Senator Robert Dole, that the Vice President is oblivious of the everyday problems faced by many jobless, handicapped or

underprivileged Americans in this state and, by implication, elsewhere.

Sunday night at River Oaks Drive was revealing because it offered a snapshot of the support Mr Bush sees as his natural electoral base: the affluent, white, educated middle classes, who have benefited from the continuing presidency of Ronald Reagan and want more of the same from his Vice President if he makes it to the White House.

Likewise, these voters are impressed with the ease with which Mr Bush can play the international diplomat, citing his previous ambassadorship to Communist China, his time as Director of the CIA or, on this occasion, pulling in a couple of Japanese politicians and sounding savvy about the arcane fac-



tional infighting in their national parliament.

Mr Bush's problem is that he does indeed find it difficult to speak to the common man. His sentences bristle with a mixture of what might be called British public schoolboy humour and government-speak, tailing off in the often misguided expectancy that the listener will pick up the gist.

On Sunday morning, during a studio interview on ABC television, he was asked how he would fare in the caucuses against his chief, Senator Bob Dole. "Fight in the caucuses," he replied, before concluding, "... I don't know the answer to your question."

At the time of writing, Mr Bush's campaign staff are already steering the conversation away from Iowa, preferring

civilised man speaking to like-minded people on the eve of a likely defeat.

The Vice President, flanked by his wife Barbara, looked at the men and women gathered in the Southern primaries on March 8. They are talking about the benefits of organisation and money; and Mr Bush, as everyone knows, has plenty of both.

But those gathered on Sunday night will remember less the fighting talk among his aides and more the last words of a

civilised man speaking to like-minded people on the eve of a likely defeat.

The Vice President, flanked by his wife Barbara, looked at the men and women gathered in the Southern primaries on March 8. They are talking about the benefits of organisation and money; and Mr Bush, as everyone knows, has plenty of both.

But those gathered on Sunday night will remember less the fighting talk among his aides and more the last words of a

Senate to probe US-Panama drug trade links

BY NANCY DUNNE IN WASHINGTON

A SENATE Foreign Relations subcommittee yesterday opened hearings on Panama which are expected to detail the close ties between US government agencies and international drug cartels.

Senator John Kerry, chairman of the subcommittee on terrorism, narcotics and international communications, said the hearings, which follow a bi-partisan two-year investigation, will tell a "shocking and disturbing story".

Evidence presented to the hearings will extend beyond the role of Panama's leader, General Manuel Antonio Noriega, to the ties between the US-supported Contra rebels and the drug traffic, he said.

It will show how the US put foreign policy considerations above concern about the drug trade, when it was "describing whole countries".

The hearings got underway one day after Panama recalled its US ambassador for "urgent consultations," and Gen Noriega ordered an investigation into the Panamanians and Americans who have testified against him.

Two US Federal Grand Juries last week indicted the general on drug trafficking and racketeering charges.

Meanwhile, Gen Noriega added his own accusations in an US television interview on

Sunday when he said Mr John Poindexter, the US national security adviser who resigned as a result of the Iran-Contra scandal, had sought Panama's co-operation for an invasion of Nicaragua and had asked to use Panama as a training ground for Contra rebels.

Mr Jose Blandon, Panama's former consul in New York who will testify before the Senate subcommittee today, has linked Col Oliver North, the former Reagan National Security Council aide, with plans to get Panama to help "frame" Nicaragua for delivering arms to the El Salvadorian rebels.

The Reagan Administration is heeding in its dealings with Panama by an agreement Gen Noriega reached with the Central Intelligence Agency.

According to a report in the Washington Times, the CIA allowed the general to appoint his own military liaison staff with the agency in exchange for consent to use Panama as a regional spy post.

The first witness in the subcommittee hearings, Mr Robert Morgenstern, District Attorney of New York, detailed the growth of drug use in the US and ridiculed the State Department for certifying that many of the Latin American countries were working to limit the drug trade.

Contras cast doubts over talks with Sandinistas

BY OUR FOREIGN STAFF

DOUBTS WERE raised yesterday about a scheduled meeting between Nicaraguan government officials and representatives of the Contra rebels due to be held in Guatemala City tomorrow.

Mr Alfredo Cesar, Contra director, was yesterday quoted by AP in Miami as saying that the rebels would delay a resumption of ceasefire negotiations with the Sandinistas in the wake of congressional rejection of their aid package.

He said that neither the rebels nor Roman Catholic Church leaders mediating the negotiations would be able to attend the meeting in Guatemala City. The delay would be for only a

few days or a couple of weeks.

President Daniel Ortega and senior Sandinista officials insist the talks centre on the effects of fighting the conflict while the rebels want to discuss a political settlement including reform of the constitution, the army and security forces and the judiciary.

• A bomb thrown into a crowd of onlookers during an anti-Contra protest march in northern Nicaragua killed six people and wounded 13, the Defence Ministry said yesterday. Reuters reports from Managua, on Saturday, was in the town of Wiwilí, 125 miles north of the capital.

Em 3,90
New
man
org
prov
qua
Nix
adv
over
com
the
jap
app
alone
sonn
Nix
and
sup
nolo
of all
ploy
active
given
incis
enhanc
calm
high
comp

Argentinian provinces face financial crisis

BY TIM COONE IN BUENOS AIRES

SEVERAL of Argentina's 23 provinces are facing serious financial difficulties as a result of central government budget cuts and continuing disagreement over the mechanisms of financing local governments.

Mr Jose Domato, governor of the northern sugar-producing province of Tucuman, said yesterday that salaries owed to local government employees for January could not be paid and that bonds issued by the provincial bank, Banco de la Provincia de Tucuman, could not be honoured due to lack of funds.

Last month Banco de Salta - another of Argentina's provincial banks, which are owned by local government - was closed temporarily due to lack of funds.

Tucuman has issued over 10m Australis (\$1m) worth of bonds, which are widely used as currency for day-to-day transactions. However, reports from

Tucuman say that traders are now refusing to accept them, creating a liquidity crisis.

Local government employees have often received their wages in bonds when the provincial government's financial resources ran low.

Last week directors of several provincial banks warned that they could face collapse if January could not be paid and that the central government did not step in.

The government and central bank are facing intense IMF pressure to cut spending and subsidies, and are unlikely to respond quickly, at least until after negotiations on a further release of the next \$225m tranche of the IMF standby loan are completed.

Renewed negotiations are expected this week in Washington between Argentinian and IMF officials on revised first quarter budget estimates.

Mexico broadens foreign policy planning

BY DAVID GARDNER IN MEXICO CITY

MEXICO is signalling a new approach to the development of foreign policy, for the first time directly involving top officials from the economic ministries, the banks, and the leading public sector companies.

The ruling Institutional Revolutionary Party is today due to unveil a new foreign affairs commission weighted far more towards Mexico's economic interests than similar bodies in the past.

The think-tank is sponsored by Mr Carlos Salinas de Gortari, the young former planning minister chosen to succeed President Miguel de la Madrid. It is part of Mr Salinas's presidential campaign - which culminates in July elections it is assumed he will win - and reflects his interests by including a separate sub-commission on relations with the Pacific Basin.

The 70-member commission includes the chairmen of the four major nationalised banks, the province of a foreign policy establishment which critics have often accused of pandering

to the Left, regionally and domestically, by, say, supporting Sandinista Nicaragua in order to buy off local dissent.

This view includes the poet Octavio Paz and the novelist Carlos Fuentes, both former ambassadors and grouped roughly on the centre-right and centre-left respectively: Hector Aguilar Camin, editor of the new left review *Nexos*; and Dr Jorge Bustamante, director of the College of the Northern Frontier, who has long agitated to incorporate the rights of Mexican emigrant workers in the US into foreign policy-making.

In case there are any doubts about the lineage of the new initiative, Mr Salinas will be presenting the foreign affairs commission today in Cuatro Cienegas, in the northern state of Coahuila.

This is the birthplace of Venustiano Carranza, Mexico's first post-revolutionary constitutional president, and the ideologue of Mexican nationalism.

DOUBTS WERE raised yesterday about a scheduled meeting between Nicaraguan government officials and representatives of the Contra rebels due to be held in Guatemala City tomorrow.

Mr Alfredo Cesar, Contra director, was yesterday quoted by AP in Miami as saying that the rebels would delay a resumption of ceasefire negotiations with the Sandinistas in the wake of congressional rejection of their aid package.

He said that neither the rebels nor Roman Catholic Church leaders mediating the negotiations would be able to attend the meeting in Guatemala City. The delay would be for only a

WORLD TRADE NEWS

Taiwan starts seeking ways to rejoin Gatt

BY BOB KING IN TAIPEI

TAIWAN has begun seeking ways to rejoin the General Agreement on Trade and Tariffs (Gatt), at the same time as drastically slashing tariffs on most imports and starting to draft a plan to halve its trade surpluses over the next five years.

The driving force behind these moves is the growing realisation of Taiwan's increasing importance in world trade affairs.

The country has maintained, for instance, that, while it no longer a Gatt signatory, it has adhered to the spirit of the agreement, and that the tariff cuts, award of most-favoured-nation status, and the programme of trade liberalisation recently embarked on, are evidence of that adherence.

"Being a trading nation with such a status, it's obviously to our advantage to be a member of Gatt," an official said. "The sentiment in principle is that, as a non-member, we still follow the spirit of Gatt rules, so why not just join?"

The government has not yet taken an official stand on the question, reflecting the many external obstacles Taiwan faces in rejoining Gatt, and the divided sentiment within the country over the effect on certain sectors of the economy.

Taiwan previously left - or

BAE likely to sign Daewoo deal soon

By Maggie Ford in Seoul

BRITISH Aerospace is expected shortly to sign a \$40m (£135m) contract with the Daewoo group, one of South Korea's top four companies, to produce parts for the European Airbus.

The contract could open the way for further collaboration between the two companies over the production of Hawk military trainer jets. Daewoo already produces parts for the wings of the Hawk.

The deal underscores efforts by BAE to source parts and components abroad in cheaper countries. The company has already instituted a training programme for Daewoo engineers.

The wing parts for the Airbus-A330 and A340 are to be made by Daewoo Heavy Industries and will require an investment of \$23m this year in new plant. Delivery will be over a 15 year period from 1990.

A decision on the plans to assemble the Hawk trainer in South Korea will probably have to await the installation of the new Government in Seoul later this month.

South Korean companies have already gained experience in the aerospace industry, mainly through collaboration with US companies.

Michael Donne, Aerospace Correspondent, writes: British Aerospace is offering about 20 per cent of the cost of the development and production of wings for the new A-330 and A-340 Airbuses overseas to ease the burden on its production resources.

Bae has briefed would-be participants for the new programme in the UK and the US, and bids have subsequently flowed in. The Seoul deal is the first firm result of this policy.

Bae builds the wings for the A-330, A-340 and A-320 aircraft. It has built additional facilities to cope with the full wing design, development and production for the A-330 and A-340, but needs more capacity to meet production schedules.

This led to the search for sub-contractors overseas, especially in countries where costs are lower than in the UK and Western Europe. Further contracts are understood to be under discussion.

John Murray Brown reports on non-recourse financing for a new LNG facility

Indonesia's cheque book stays out of sight

PERTAMINA, Indonesia's state oil company, and Industrial Bank of Japan are expected to agree terms this week on a composite loan financing.

The agreement, under which a group of Japanese banks finance construction of a 400m liquefied natural gas (LNG) facility in Kaimantan, is the latest in a long line of non-recourse financings by the state oil monopoly.

Under the deal, lenders receive no guarantees and the loan is serviced exclusively from project revenues. The idea is not to impact on the debt service of either Pertamina or the government. As one banker put it, "The bottom line is that the government should never have to take out its cheque book."

Non-recourse has long been the backbone of Indonesia's petrochemical industry, from the original "petrochemical park" schemes of the 1970s to the latest "trustee management" financings. However the method is now being eyed by foreign companies eager to win contracts in a variety of sectors.

With the government setting a ceiling on export credits and

demanding strict terms on composite financing, non-recourse is increasingly viewed as the best and perhaps only way to win business in Indonesia.

Not everyone is happy. Some government officials are concerned Pertamina's success could encourage projects where the economics are less than proven. There has been talk of a fifth oil refinery, despite current excess capacity in the industry. An olefin petrochemical plant in Sumatra, worth \$2.5bn, which was postponed in 1983, may also be cranked up.

Most observers agree it will be hard to finance a nuclear plant, which earns revenues in local rupiah. The government is considering the Build-Operate-Transfer model, popularised in Turkey, where a contractor runs the plant for up to 15 years before handing it over to the state utility. Given Indonesia's history of currency devaluations, any lender will probably demand dollar settlement, a direct hit on the country's foreign reserves.

Equally elaborate was the \$800m financing last year for 2 liquefied petroleum gas plants in Sumatra and Kaimantan. Japan's Export-Import Bank

funded 80 per cent, with a 23 per cent syndicate and 7 insurance companies covering the balance for what was the first ever yen-denominated loan made available in dollars.

The deal was all the more remarkable given the record of bankruptcies of the Japanese utilities buying the gas under 20 year contracts.

This week's LNG agreement marks a further milestone. The Japanese banks, led by Industrial Bank of Japan, are expected to carry both price and resource risks. They also have no protection against buyer default. In this case the buyer is China Petroleum Corporation, the Taiwanese utility, which thus involves an extra "cross-border" risk.

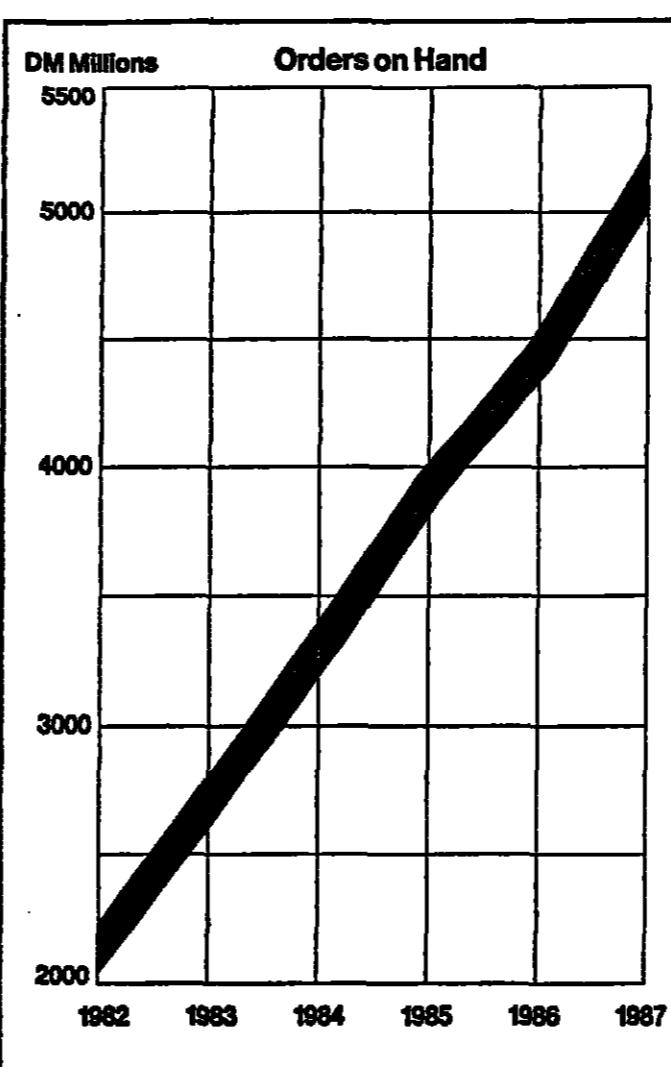
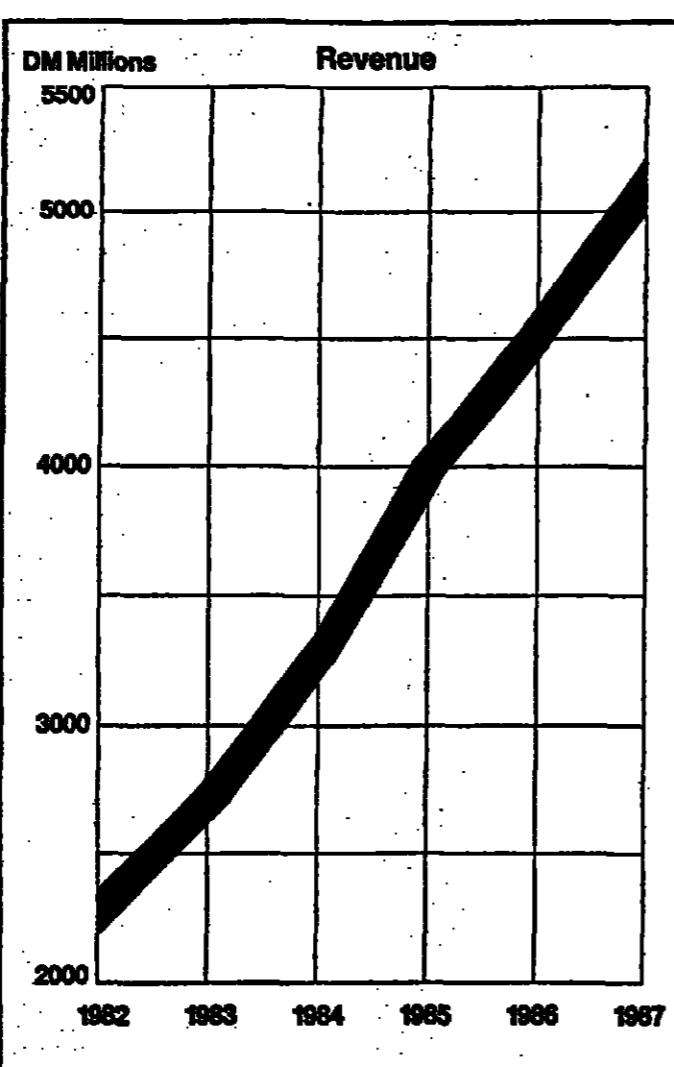
Bankers tracking negotiations see the deal as the high watermark of non-recourse. A report by Mr Widjaja Nitiro, Indonesia's leading economic thinker, suggests there are few instances where project risks are actually incurred by the lender. Moreover the method is intrinsically more expensive than commercial borrowing backed up by sovereign guarantees.

Even Pertamina appears a little confused as to the status of non-recourse deals. In past annual reports the non-recourse loan has

Once again, our lines align

Revenue: Up 13 Percent Sustained Growth

Nixdorf maintained its consistent pattern of growth in 1987, raising revenue by 13 percent through further expansion in both the German and international markets. The revenue increase from international business alone was eight percent, despite adverse currency movements. The company obtained a growing share of revenue from activities in new markets, including telecommunications and factory automation. Major orders from these sectors demonstrate the company's growing strength and stature in these future-oriented markets.



Orders On Hand: Up 15 Percent

Strong Demand

Orders on hand rose by 15 percent, proving the value of a stable record of investment. Demand for company products and solutions was particularly strong in the small business sector, and amongst retail chains, insurance companies and large manufacturers, which are increasingly installing computers in large networked configurations, in which Nixdorf systems excel. In the government sector, large orders were obtained for post-office counter terminals in European and overseas countries. Nixdorf maintained its leading position in the finance market, boosting its sales of self-service products within banking. Its activities in the telecommunications sector brought in a growing share of revenue.

Financial Year '87: Positioning for the Future

1987 was a year of exceptionally high investment aimed, long term, at strengthening our competitive advantage and gearing the company for sustained growth. The substantial deployment of financial resources for the future is perhaps most evident in our recruitment of 3,900 new people. Besides taking measures to strengthen our competitive advantage, our major efforts in 1987 were targeted at sustaining the positive earnings trend and continuous dividend policy that is Nixdorf's trademark. As the preliminary results show, the company's position is characterised by stability and financial strength, supported by an equity ratio of more than 60 percent. Audited figures will be available on 19th April.

Outlook '88: Continuity

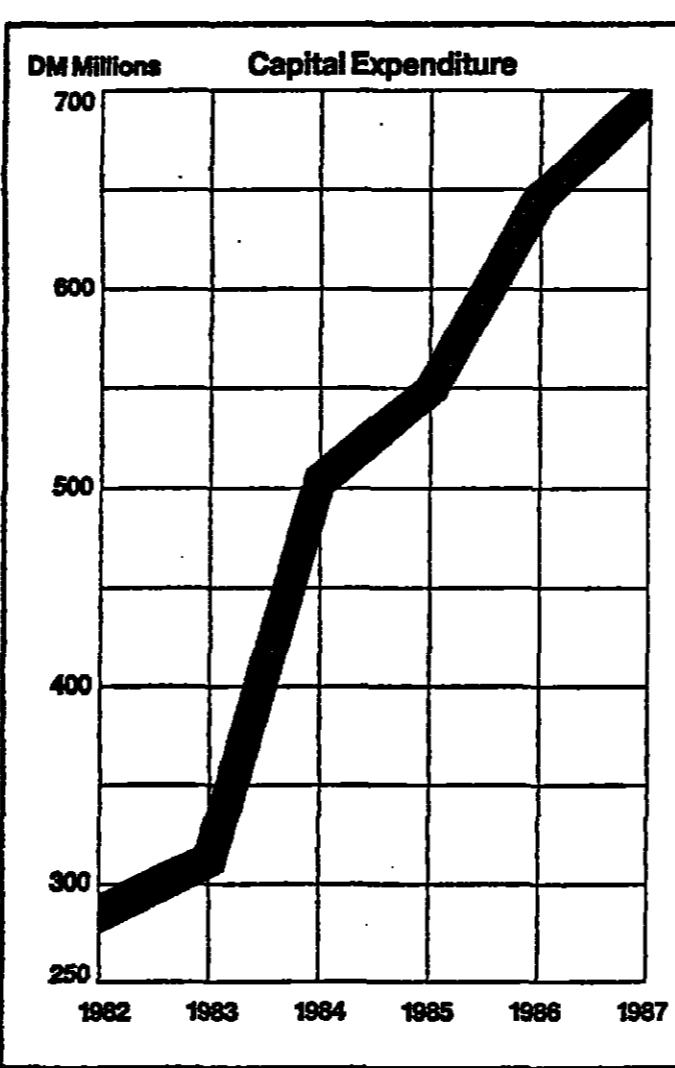
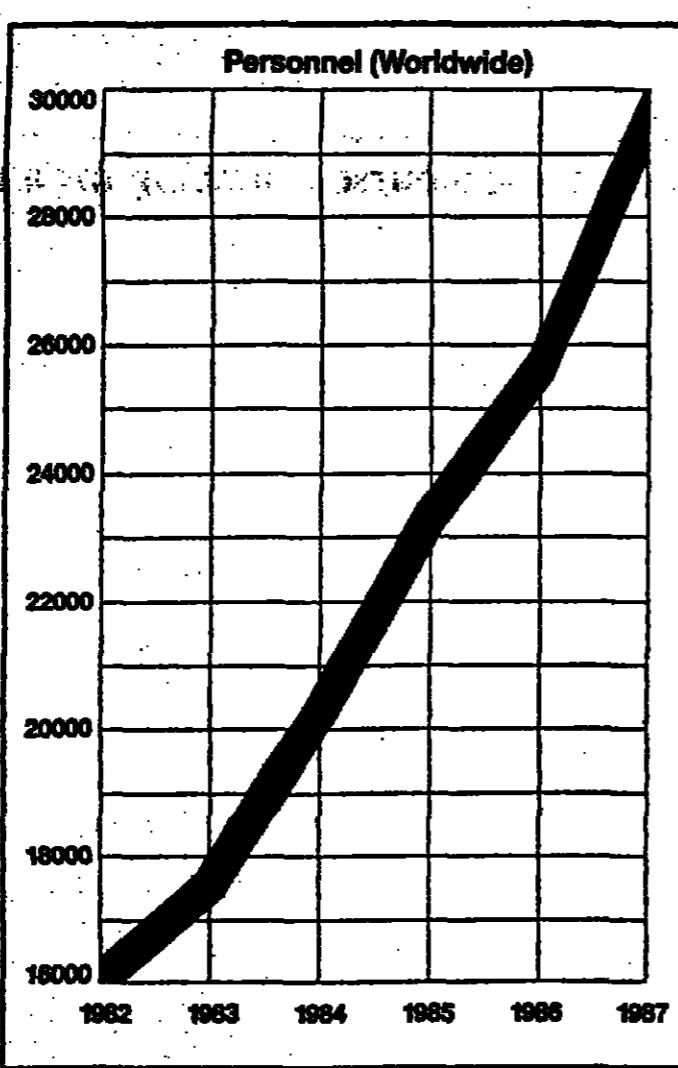
With orders on hand up by 15 percent, equivalent in value to a full year's revenue, we have a significant start on the new business year, and a solid base for further growth. In view of the increasing impact of information technology on the competitiveness of companies and entire national economies, we expect users to continue their capital spending on IT solutions. Nixdorf has the systems and services to meet these needs. Harnessing this trend will keep Nixdorf on course for profitable growth. And keep our lines aligned, next year.

Nixdorf Computer AG
Fürstenallee 7
4790 Paderborn
West Germany
Tel. 5251/5060

NIXDORF
COMPUTER

Employees: Up 15 Percent 3,900 new jobs

New jobs were created, primarily in the sales and service organisation, and in R&D, to provide users with the on-site, quality support that gives Nixdorf a distinct competitive advantage. A measure of the overriding importance the company attaches to extending its services can be seen in the 800 new people in the applications software division alone. This investment in personnel further strengthens Nixdorf's position as a service and solutions-oriented supplier of information technology. In fact, more than half of all Nixdorf's people are employed in customer-support activities. This commitment gives the company a more incisive competitive edge by enhancing its service orientation, software capability, vertical market know-how and its ability to provide not just high quality products, but complete solutions.



UK NEWS

London markets 'poised' if US restricts trading

BY PETER RODDELL, POLITICAL EDITOR

ANY action which US regulatory authorities may take to impose trading limits on share price movements will be seized upon by the British Government in an attempt to attract financial business across the Atlantic to the London Stock Exchange.

Department of Trade and Industry ministers firmly reject suggestions that such restrictions should be imposed on the free movement of stock market prices.

British officials have been studying developments in New York and Tokyo after the sharp falls in share prices which began with Black Monday last October 19.

However, Lord Young, the Trade and Industry Secretary, has specifically ruled out adoption of the recommendation of the Brady report, which was commissioned by President Reagan to investigate the market collapse, for so-called circuit-breakers. This is the idea that trading in an individual share should be halted once its price

has moved more than a certain percentage in either direction during a particular trading session.

British ministers believe that such artificial restrictions would divert business elsewhere. They believe that such limits are not needed in the London market, which provided the ability to cope with considerable strains last October.

Consequently, ministers argue that the London markets should actively seek to attract business from New York if tighter restrictions are imposed by the Reagan administration and the US authorities. Their view is that London is well-placed to benefit from any regulatory changes elsewhere.

These ideas have not been discussed mainly because the Secretary of State and independent ministers at the Treasury, the Bank of England and the Stock Exchange. These have been practically no discussion among MPs, and none of the House of Commons select committees is discussing the subject.

BP to join forces with Statoil on technology

BY STEVEN BUTLER

BP and Statoil, the Norwegian oil company, are combining their resources to develop offshore drilling technology while aiming to encourage technology transfer between industry and universities.

The two companies have earmarked \$3.1m to back production related research in three broad areas: cold regions research, reservoir technology and drilling technology. The work is to be carried out at institutions both in the UK and in Norway and would address key difficulties that lie in the way of exploring and developing oilfields in the harsh Barents Sea, to the north of Norway.

This will be the first time the two companies have collaborated to develop commercial technology and is seen as a first step in a broader effort to work together with academics.

The University of East Anglia

and Sintef of Trondheim will study ice formation on vessels, mobile drilling rigs, and fixed structures. Statoil currently operates a semi-submersible drilling rig in the Barents Sea which is fitted with instruments developed at BP's Sunbury Research Centre.

BP's project will study the rate of ice advance, retreat and abstraction in the Barents Sea through analysis of satellite image data.

Nuclear magnetic resonance, developed mainly for medical purposes, will be employed to study the flow of fluids and to identify and quantify absorbed fluids in the rocks of an oil reservoir.

The Rogaland Research Institute and Winfrith Petroleum Technology will study enhanced oil recovery methods which involve adding polymer to water injected into oil reservoirs.

Mr Ivor Stanbrook, Conservative member of Parliament, said that Mr Hurd's decision could lead to "a witch hunt."

Parliament welcomes war crimes inquiry

By Peter Owen

AN INQUIRY into the possibility of prosecuting alleged Nazi war criminals, including 17 people now resident in the United Kingdom, was announced by Mr Douglas Hurd, the Home Secretary, in the House of Commons yesterday.

There was a general, but not unanimous, welcome for his decision to ask Sir Thomas Hetherington, the former Director of Public Prosecutions, and Mr William Chalmers, former Scottish legal official, to undertake the inquiry which could take 12 months to complete and may involve conducting interviews in the Soviet Union.

Mr Hurd explained that 10 of the accused had been identified by the Simon Wiesenthal Centre, the organisation dedicated to tracking down war criminals.

The existence of the other seven was brought to light by Scottish television.

All the allegations related to events before the 17 either became British citizens or took up residence in the UK.

Mr Hurd said the legal complexities stemmed from the fact that the cases in question related to territories which were controlled by the Soviet Union - with whom the UK did not have an extradition treaty.

UK courts did not have jurisdiction to try offences of murder and manslaughter committed abroad when the accused was not a British citizen at the time of the offence, Mr Hurd said.

The Home Secretary stressed, "If we were to prosecute in these cases we should need to legislate to extend the jurisdiction of our courts."

Should such a change be made, it would be up to the prosecution authorities to decide whether any action should be taken in individual cases.

Mr Roy Hattersley, Labour's Deputy Leader and Shadow Home Secretary, welcomed the announcement and acknowledged that the passage of almost half a century raised problems of principle as well as practice which required the Government to proceed with care.

Mr Ivor Stanbrook, Conservative member of Parliament, said that Mr Hurd's decision could lead to "a witch hunt."

John Gapper reports on the determined mood at Ford UK's Dagenham plants

Strikers settle in for a long fight



Pickets outside the Dagenham engine assembly plant near London

THE ONLY assembly work in evidence at the Dagenham plant of Ford UK yesterday was on a brand new wooden shed being carefully erected outside Gate 20 of the Ford industrial estate.

"We plan on being here for a while, as you can see," said a picker.

Under blue skies, 11,000 workers at five Dagenham plants in Essex were starting their first national strike for a decade in a determined mood.

One of the resultant lay-offs of 2,000 workers at Ford's plant in Genk, Belgium was greeted happily. "Germany will be next," was one reaction.

The conventional bravado of the picker line was more muted when conversation turned from the iniquities of Ford's proposed three-year deal to how long the shed would be required outside the gates of the company's largest collection of plants in Britain.

Mr Hurd explained that 10 of the accused had been identified by the Simon Wiesenthal Centre, the organisation dedicated to tracking down war criminals.

The existence of the other seven was brought to light by Scottish television.

All the allegations related to events before the 17 either became British citizens or took up residence in the UK.

Mr Hurd said the legal complexities stemmed from the fact that the cases in question related to territories which were controlled by the Soviet Union - with whom the UK did not have an extradition treaty.

UK courts did not have jurisdiction to try offences of murder and manslaughter committed abroad when the accused was not a British citizen at the time of the offence, Mr Hurd said.

The Home Secretary stressed, "If we were to prosecute in these cases we should need to legislate to extend the jurisdiction of our courts."

Should such a change be made, it would be up to the prosecution authorities to decide whether any action should be taken in individual cases.

Mr Roy Hattersley, Labour's Deputy Leader and Shadow Home Secretary, welcomed the announcement and acknowledged that the passage of almost half a century raised problems of principle as well as practice which required the Government to proceed with care.

Mr Ivor Stanbrook, Conservative member of Parliament, said that Mr Hurd's decision could lead to "a witch hunt."

Floor changes allowed under a two-year agreement reached in 1985.

One assembly worker said he could see no advantage to Ford in a long dispute. "I cannot see any mileage in it. They having got nothing on the shop-floor to smash through - the last deal did away with all that. There is no pitched battle for them to fight."

Perhaps as a result, the atmosphere on the picket line was relatively white-hot and driving into the winter frost the banners and the wood blocks piled alongside to fuel them, managed in several cases to pass by without even being waved down. Those that stopped were treated amiably.

There was little belief among the pickets that militancy had been encouraged by a tightening of the local labour market.

"People do not really think that it would be easy to get another job - they just think they are getting screwed," said one steward.

That view was supported by Mr Bill Regner, a 28-year-old American who has worked in the assembly plant for the last two years. Mr Regner said he believed the only alternative open to him outside Ford would be as a construction labourer in the London dockslands.

Mr Seaforth said: "People

learned their lesson from the two-year deal. We lost quite a few jobs through efficiency savings and demarcation cuts, and the net result is that everyone is having to work harder."

A longer-term fear of redundancies following the restructuring under the three-year deal was also voiced widely. Mr Regner argued that US strikers in the early 1970s had persuaded companies, including Ford, to slow the pace of lay-offs.

Workers also expressed strong resentment against Mr Mick Murphy, TGWU national automotive officer and leader of the union negotiators, for considering a three-year deal in the face of lingering resentment over the terms of the 1985

Mr Seaforth said: "People learned their lesson from the two-year deal. We lost quite a few jobs through efficiency savings and demarcation cuts, and the net result is that everyone is having to work harder."

Drinks competition

Specialist off-licences in Britain have faced mounting competition from large stores selling food and liquor, a development which has helped expansion but put a downward pressure on prices, according to a report by Euromonitor, the market research organisation.

Actuary approved

The Institute of Actuaries, one of the two professional actuarial bodies in the UK, has gained interim recognition as a Recognised Professional Body from the Securities and Investments Board.

'Secret' service

Most small businesses in Britain have not heard of the Small Firms Service, the main UK government organisation intended to provide them with advice, according to a survey by The Forum of Private Business, one of the largest small firm lobby groups.

DID YOUR INVESTMENTS GROW BY + 60% IN 1987?

MINT LIMITED DID

IT ALSO ROSE BY 13.7% FROM 1 OCTOBER 1987 TO 31 DECEMBER 1987 AND HAS AN AVERAGE ANNUAL COMPOUND GROWTH OF 29.6% FOR FIVE YEARS.

For more details of this outstanding fund that combines scientific money management with the ability to grow in an adverse investment climate, contact:

E.D. & F. Man International Ltd.,

Funds Group

Licensed Dealer in Securities

Sugar Quay, Lower Thames Street, London EC3R 6DU, UK.

Tel: 01-626 8788

Tlx: 885431 EDFMAN G

Fax: 01-623 3203

1987 OUR BEST YEAR YET

Past results are not indicative of future performance

Centre Reinsurance Holdings Limited

A newly formed Bermuda company

\$250,000,000
Capital funds

Principal Investors

Zurich Insurance Company

Kemper Reinsurance Company

Morgan Portfolio Corp.

Bacardi Capital Ltd.

Kamehameha Schools/B. P. Bishop Estate

Hannover Rückversicherungs-A.G.

Reinsurance Advisor

Guy Carpenter & Company, Inc.

Morgan Guaranty, subsidiary of J. P. Morgan & Co.,
acted as financial advisor in the formation of
Centre Reinsurance Holdings Limited,
and in the private placement of these capital funds

JPMorgan

January 1988

150

ALCATEL

CIT

**Cairo, december 1987: ARENTO * has selected
the DPS 2500 system for its
public packet switching network, Egyptnet.**

**The DPS 2500 is a product of
ALCATEL CIT TELEMATIQUE,
member of the X Data joint venture which has already
installed more than 120,000 X 25 ports over the world.**

*** Arab Republic of Egypt National Telecommunications Organization.**



Alcatel CIT, all links to communications

The Hoskyns Annual Report & Accounts



"I SAY WILKINS! THERE APPEARS TO BE SOME SORT OF COUPON AFFAIR DOWN THERE!"



"AHA! THAT MEANS THE HOSKYNS ANNUAL REPORT IS OUT! HOLD ON, I'LL SEND FOR ONE!"

LAST December, we announced another spiffing year for the Hoskyns Group.

And if you'd like to see exactly how spiffing, here's your chance to send off for the brand new Hoskyns Annual Report & Accounts.

With revenues now standing at £79m, profits up 44% to £6.5m, and earnings per share rising 51% to 11.3p, 1987 was our tenth successive year of splendid performance.

Find out how we've been making computers make money. And more importantly, how our Professional Services, Systems Integration and Facilities Management divisions can do the same for you.

It's a frightfully good read!

hoskyns
Together we can make computers make money

I say, this sounds really interesting!
Please send me a copy of your Annual Report & Accounts straight away!

Name _____

Position _____

Company _____

Address _____

Postcode _____

Telephone _____

Nature of business _____

To: Hoskyns Group plc,
Hoskyns House, 130 Shaftesbury Avenue,
London W1V 7DN.
Telephone: 01-434 2171.

FT

DATA CONTRAST ON OUTLOOK FOR INFLATION

Consumer debt up 18% as spree gathers pace

By PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S consumers increased their outstanding debt 18 per cent last year as the retail spending spree gathered pace.

Official figures released yesterday by the Department of Trade and Industry show that outstanding credit jumped from £30.8bn at the end of 1986 to £36.4bn in December of last year. The figures cover lending by retailers, bank credit cards and personal loans, and by specialist finance houses.

Separately, the Department said that it had revised upwards its estimate of the total retail trade gap for November which had previously suggested a 1 per cent fall. The revised estimate suggests that the volume of spending during the month was unchanged from the high level seen in November.

The two sets of figures reinforced the concern of some City of London economists that the rapid pace of growth in the economy in the second half of 1987 has brought it close to a point of "inflationary over-heating".

They suggest that October's stock market crash had little adverse impact on the buoyancy of demand in the economy, which has led to a surge in imports and a marked deterioration in Britain's trade position.

The EC economic and political scope for a major overhaul of Britain's tax system has rarely been greater than that offered by next month's budget, the Institute for Fiscal Studies said yesterday.

In its Green Budget detailing the options on March 16, the IFS says that the extraordinary buoyancy of government revenues gives Mr Nigel Lawson, the Chancellor of the Exchequer, some scope to split between lower borrowing and cuts in tax rates.

That embarrassment of riches will allow him to minimise the number of "losers" from changes in the tax system. A substantial "giveaway" in the first budget of the new parliament will also provide the opportunity for less populist changes, such as reductions in the higher rates of income tax.

The IFS, which has prepared its analysis in co-operation with economists at securities house Goldman Sachs, says that the recent buoyancy of domestic demand in the economy will act as the main constraint on the Chancellor.

The risk of "inflationary overheating" and the prospect of further steady deterioration in Britain's trade deficit suggest that the Government will want to appoint both generous and prudent.

In those circumstances Mr Lawson may opt to make net tax cuts of around £4bn. A further £4bn could be used to reduce the prospective public sector borrowing requirement in 1988/89 to zero, while £1bn of revenues could be "lost" in the government's accounts as a useful reserve.

The fears of too-rapid growth in the domestic economy when growth in the remainder of the world remains sluggish may also affect the composition of tax cuts. Mr Lawson may decide to focus tax cuts in areas which will spur the supply response of the economy rather than in those which will give a general boost to demand and further stimulate imports.

Even within those constraints, however, the options are numerous and the Government could limit the cost of major tax reform by announcing measures which will be phased in over a number of years.

Cuts in tax rates over and above the £4bn could be financed by raising additional revenue elsewhere, large increases in tobacco duties and some extension of value added tax are possibilities.

Tories demand NHS bonus

By Peter Riddell, Political Editor

ADDITIONAL money for Britain's National Health Service should have priority over a general cut in taxes in the March 16 Budget, the Tory Back Bench Group, a conservative extra-parliamentary organisation, maintains in a submission today.

Sir Alan Green gross, chairman of the group and former Conservative leader on the Greater London Council, argues that by general consent it is time for a bonus share issue for the NHS.

"It would be deeply offensive to many people, in all parties, if the major bonus share in this year's budget was to go to those on higher incomes until or unless the most pressing needs of the NHS are also met."

THERE were signs last month of a moderation in the growth rate of prices of goods leaving the factory gate as British manufacturers appeared to exercise restraint in their usual start of year price review.

Independent economists are split between those who think Britain is continuing to grow too fast and those who believe the economy is beginning to slow down.

Added to plans elsewhere in Europe to expand newsprint capacity, there is a threat that in 1990 the supply/demand balance will swing back to the purchasers' favour, with all that entails for prices.

The Department of Trade and Industry's index of output prices was 3.3 per cent higher at the end of January than a year ago, compared with 3.9 per cent higher in the year to the end of December in 1987. In January the Department's index rose 0.7 per cent, up from 0.3 per cent in December.

Yesterday, the official line was that it was premature to talk in terms of higher interest rates in relation to the latest figures. Without signs of some moderation in the growth of domestic demand in coming weeks, however, it is likely that the Bank will press the Treasury to agree a further rise in borrowing costs.

Manufacturers appear to be responding to the constraints imposed upon them by the Government's firm exchange rate policy. With demand in the economy still buoyant, manufacturers would run the risk of sacrificing market share to imports if they increased their prices too much.

The DTI's index of producer prices (1980=100) was provisionally 154.6 in January compared with a provisional 153.8 in December.

Manufacturers' costs of materials and fuel rose a seasonally adjusted 0.2 per cent in January, to give an unadjusted 2.5 per cent gain for the year.

However, there are reasons

Producer output prices level off

By Simon Holberton

THERE were signs last month of a moderation in the growth rate of prices of goods leaving the factory gate as British manufacturers appeared to exercise restraint in their usual start of year price review.

Independent economists are split between those who think Britain is continuing to grow too fast and those who believe the economy is beginning to slow down.

Added to plans elsewhere in Europe to expand newsprint capacity, there is a threat that in 1990 the supply/demand balance will swing back to the purchasers' favour, with all that entails for prices.

The Department of Trade and Industry's index of output prices was 3.3 per cent higher at the end of January than a year ago, compared with 3.9 per cent higher in the year to the end of December in 1987. In January the Department's index rose 0.7 per cent, up from 0.3 per cent in December.

Yesterday, the official line was that it was premature to talk in terms of higher interest rates in relation to the latest figures. Without signs of some moderation in the growth of domestic demand in coming weeks, however, it is likely that the Bank will press the Treasury to agree a further rise in borrowing costs.

Manufacturers appear to be responding to the constraints imposed upon them by the Government's firm exchange rate policy. With demand in the economy still buoyant, manufacturers would run the risk of sacrificing market share to imports if they increased their prices too much.

The DTI's index of producer prices (1980=100) was provisionally 154.6 in January compared with a provisional 153.8 in December.

Manufacturers' costs of materials and fuel rose a seasonally adjusted 0.2 per cent in January, to give an unadjusted 2.5 per cent gain for the year.

However, there are reasons

Maggie Urry looks at an apparent glut of newsprint

Optimistic paper makers bank on good circulation

NORTH British Newsprint, an offshoot of privately-owned Scottish company Stirling Fibre, is expected to announce tomorrow the go-ahead for an ambitious project to build a 200,000-tonnes-a-year newsprint plant on a redundant British Steel site in Gartcosh, Lanarkshire.

Meanwhile, at Shotton, in North Wales, on another former British Steel site, Finnish-owned United Paper Mills is building a second newsprint machine destined to double its capacity to 400,000 tonnes a year.

UK capacity to produce newsprint has risen from 80,000 tonnes to around 525,000 tonnes. While some is exported, most is sold in the UK, squeezing out imports. Even with an extra 400,000 tonnes of capacity by 1990 only about half the UK market will be satisfied from home production.

Although prices of newsprint are roughly the same whatever the source, UK users find advantages in being supplied from UK production. While wanting to maintain a variety of sources, the lead times in ordering from UK mills are much shorter.

It would seem probable, then, that the additions to UK capacity can find a market within the UK, even if the expansion once again of imports, which from 1987 will only hold their market share if prices fall to undercut UK prices. A recession in the US, for example, might cause the Canadian producers to look to the UK for extra sales. In 1987 Canadian exports to the EC were well below their maximum duty-free quota.

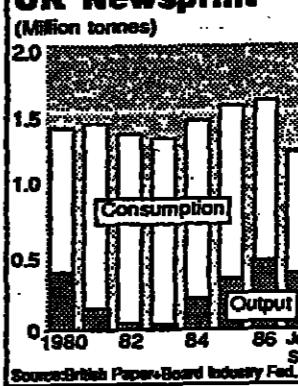
If usage in North America falls, perhaps after November's US presidential election, the Canadians would be tempted to sell more in Europe and have the reputation of being reckless in pricing. And should the US dollar remain weak, newsprint from North America could prove extremely competitive.

Significantly, North British Newsprint will, like Reed's, use only recycled waste paper as its raw material. Bridgewater is using 60 per cent waste, and part of Shotton's expansion plan is to introduce waste to make around a quarter of its mix.

This may give UK producers a cost edge over Scandinavian suppliers who lack domestic sources of waste paper and must rely on trees. Even those trees are more expensive to produce than in the UK.

In the worst case for producers, if newsprint prices fall, the UK makers will at least have the comfort of a domestic market twice the size of available capacity.

UK Newsprint (Million tonnes)



"We need rapid access to Financial Data. Extel Financial meets this requirement"

PROF. RICHARD BREALEY

LONDON BUSINESS SCHOOL

EXTEL
Financial

All you ever need to know

London: 01-251 3333
Brussels: 02-219 1607
New York: 212-513 1570

A perfect site for companies who want to build new premises.



The Commission for New Towns can find you the perfect site to develop quicker than you can say ready mixed concrete. Because not only are we the organisation with property available in 15 New Towns up and down the country, we've also got development land available in every one of them: Basildon, Bracknell, Central Lancashire, Cumbernauld, Crawley, Harlow, Hatfield, Hemel Hempstead, Northampton, Redditch, Skegness, Stevenage, and Welwyn Garden City.

So if your company wants to build a better future, fill in the coupon or dial 100 and ask for Freefone CNT Property Centre. And we'll get you started straight away.

Please send me information on CNT property in the areas I have indicated. (Please tick)

North _____ Midlands _____ South _____ General Information _____
Industrial Units _____ Offices _____ Land _____ Speciality sq. miles _____
NAME _____ COMPANY _____ ADDRESS _____ TEL _____

Send to CNT Property Centre, P.O. Box 77, London NW1 1TY or Dial 100 and ask for Freefone CNT Property Centre.

CNT WE'VE GOT THE PROPERTY. WE'LL GET YOU MOVING.

THE ONCE IN A CENTURY SURVEY

To mark its centenary the Financial Times will publish a survey on Monday, 15 February 1988 entitled Financial Times - the first 100 years.

In a series of linked articles, FT writers will look back at major events which have helped to shape the modern world, its industry and commerce, and forward to developments in these same fields which can be expected in the 21st century. The survey will look at such landmarks as the Wall Street Crash, the post war Marshall Plan and Bretton Woods Agreement, and the more recent creation of the European Monetary System. It will ask what was learned from these events and what lessons they offer for the policy makers of tomorrow.

Ensure that you do not miss this historic survey, order your copy of the Financial Times from your local newsagent now.



الجنيه 150



The Touche Ross Guide to Business Responsiveness:

9. Constantly putting yourself in your clients' shoes.

Bringing new companies to market is, you'd agree, a natural role for chartered accountants.

But what about helping companies with their marketing and distribution once they're up and running? Isn't that a job for people with very different experience?

At Touche Ross we do both, as Superdrug discovered.

Our chartered accountants handled their flotation in 1982. Meanwhile, consultants in our Planned Warehousing division had been involved in planning the company's head office and central distribution centre in Croydon.

Touche Ross management consultants have held senior positions in industry, commerce, or government - so having already been in client

shoes themselves they focus very fast on the key business issues.

As the company's marketing strategies developed, it was soon clear that a northern distribution centre was needed to allow for rapid expansion. Benefiting from Superdrug's own experience of the practical means of distribution, coupled with our expertise and in-depth knowledge, we were able to manage the centre's entire development.

The trust developed between us over the years and our own understanding of the project allowed us to step into Superdrug shoes - and finalise all site development arrangements for them.

The project was designed, contractors briefed and prices returned within 3 weeks. Construction began almost immediately after. The completed distribution centre started operating in 1985, and has

greatly reduced distribution costs and improved service to Superdrug's growing chain.

Retail, of course, is only one area where our consultants have well-trodden experience. Others run from agriculture to zoology. So if we can help you in yours, why not get in touch?

Please telephone or write to Geoffrey Parker at our London office. You'll find us very responsive to the business problems you face.

For the sure touch, get in Touche.

 **Touche Ross**

Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011



AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT



"I'VE LEFT MY UMBRELLA IN A TAXI!"

To be fair, our American guest did give us a clue.

"It's a Mercedes," he told us. No kidding. Just like the other 999 taxis cruising the streets of Jerusalem.

In such circumstances, the majority of staff in the majority of hotels might, understandably, have offered sympathy and very little else.

Fortunately for the owner of the brolly, he was staying at the Sheraton.

And although the odds of finding a needle in a haystack were slightly shorter, this didn't deter our doorman.

To him, the lost umbrella came as a personal challenge.

With the chances of finding it slim by anyone's standards, he was on the case.

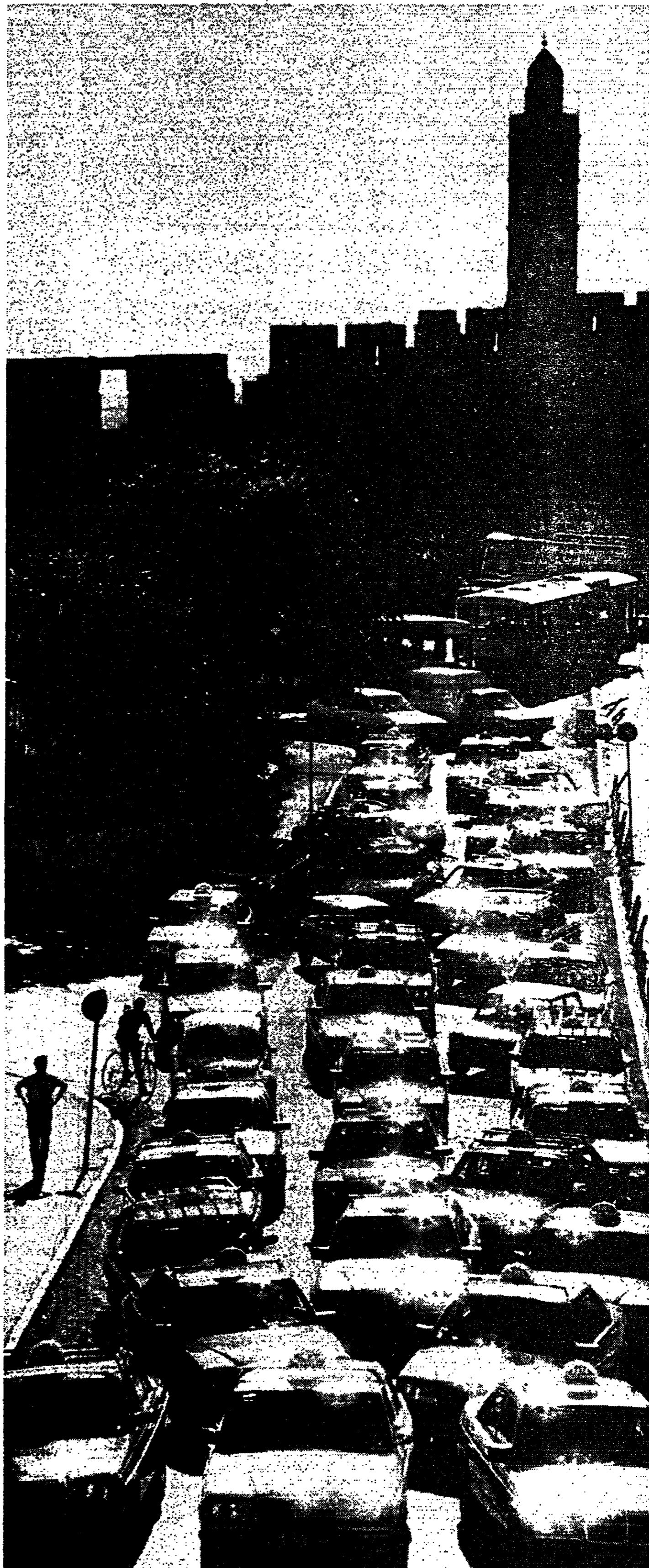
Two days later, the taxi was located and the brolly returned to its incredulous owner.

At Sheraton, we have a training programme for all our staff which aims to impress upon them our idea of service.

We've summed it up as 'Little things mean a lot.'

It would appear that the doorman from the Jerusalem Sheraton, for one, has got the message.

For reservations or information on any of 500 hotels worldwide, contact your nearest Sheraton Hotel, Reservations Office, The hospitality people of ITT



AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT



LUXEMBOURG · MADEIRA · MUNICH · OSLO · PADUA · PALMA DE MAJORCA · PORTO · ROME · SALZBURG · SOFIA · STOCKHOLM · TEL AVIV · ZURICH · 1988 THE SHERATON CORPORATION

MANAGEMENT: Small Business

GEOFFREY CHADWICK, professor of engineering materials at Southampton University, has been devoting more of his time over the past three years to Hi-Tec Metals R&D, a company he set up to develop new casting processes.

He retains his chair at the university but is frequently to be found at Hi-Tec's 6,000 square foot unit on the nearby Chandlers Ford Industrial Estate. Chadwick and his wife Sylvia are joint owners of the £150,000 turnover company which now employs 10 people.

Chadwick is one of a growing number of British academics to set up his own company to capitalise on his expertise. The tradition of universities carrying out research under contract for industry is well-established. But the idea that academics should become commercially involved in exploiting their work is of more recent vintage.

It is also an idea that has been undergoing a certain amount of reassessment recently. Relatively few British academics have founded significant businesses. This is despite the success of Oxford Instruments, the superconducting magnets company set up by Martin Wood in his garden shed in the late 1960s when a university researcher, and the growth of the Cambridge Phenomenon (the cluster of small high-tech companies around the Cambridge Science Park).

"I've moved to the view that there are better ways of exploiting university research than getting academics to go into business," says Nick Pasricha, partner in charge of the small companies division at accountants Arthur Young. "Academics are not business men and perhaps we shouldn't try to make them."

"I'm very sceptical about the idea," notes Jeff Jeffers, director of the South Bank Technopark, a newly launched science park alongside London's South Bank Polytechnic. "If you look at science parks as a whole you don't find that a lot of the companies have been started by academics. And where they have their lack of commercial expertise means they are not the fastest growers."

Part of the problem is that Britain - and other European countries - has attempted to exploit an American phenomenon while lacking the conditions which have made for success in the US.

"In the US academics are likely to have had experience as R&D manager in a large activities.



Arjan Goris (left), Peter and John Ioannou forecast sales of £2m for 1988

Can academics make good entrepreneurs?

BY CHARLES BATCHELOR

Attitudes have changed in a university," says Tony Lorenz, managing director of ECI Ventures. "In Europe academics have more of an ivory tower approach."

"An individual's willingness to cut free depends largely on his position in the academic hierarchy. Established academics with tenure are understandably less willing to make a break while research students on short-term contracts feel fewer constraints."

John Ioannou, an electronics graduate, was halfway through his PhD studies at the South Bank Polytechnic when he decided to set up in business with his brother Peter and a college friend. They formed AJP Business Computers to design and assemble IBM-compatible equipment from bought-in components and rented space on the Technopark.

Set up last April, AJP expects sales of £2m in 1988 and already employs seven people, including the three founders. None of the three had any formal business training but the Ioannous' father is in business - currently in property - so the brothers came from an entrepreneurial background.

company as well as working

develop any commercial But the reasons academics set up in business vary. Common complaints are a lack of facilities in universities, low salaries and poor career prospects.

Despite these drawbacks an important advantage of the academic life is the range of options it offers the would-be entrepreneur. He can dip his toe in the water with vacation research work, expand into more time-consuming consultancy or establish a company on a full-time or part-time basis.

Haroon Ahmed, reader in micro-electronics at the Cavendish Laboratory in Cambridge, is a joint-founder of Quodos, a software company.

Ahmed and his two co-founders are all non-executive directors of the company, which is run on a daily basis by its managing director Peter O'Keeffe, formerly with Acorn Computers.

"I feel strongly that if academics try to get into the business world they should get someone in who knows that world," he says.

Thin academic flexibility means a business can be built up gradually and failure need not be dramatic. An academic can "subside" back into his teaching and research work if the commercial world proves hostile, says Barclays' Bullock.

He distinguishes between "soft companies", such as Hi-Tec Metals, which provide contract research and consultancy to order, and "hard companies" which actually make a product for a specialist market.

The hard company is more exciting and you will get rich more quickly," says Bullock. But it is more vulnerable, he adds.

The lower risk which attaches to soft companies means their failure rate is very low. Bullock estimates a failure rate of just 5 per cent over a three to five year period for the high-tech companies backed by Barclays.

But it does go hand-in-hand with a slow rate of growth. The fastest growing companies on the Aston Science Park have not been set up by academics but by people with commercial experience, says Harry Nicholls. But, he adds, science parks should take a 15 to 20 year view of their companies and the academic businesses may catch up in the long term.

Science Parks and the Growth of High Technology Firms C.S.P. Monck and others. Croon Helm/Peat Marwick McLintock



French red tape still 'excessive'

BY CHARLES BATCHELOR

But, paradoxically, attempts to help small firms can end by creating more confusion and red tape.

"On paper there is a lot of help available to help the new business," says Mirwan Kahlil, founder of a small catering company, Gourmets sans Frontières. "But if you wait until it arrives you will be bankrupt. You can waste a lot of time going to the labour office, the chamber of commerce and so on. I didn't pursue it in the end."

This article concludes this series. Previous articles appeared on December 8, 15 and 29 and January 12 and 26.

Lyons, set up Si in December 1986 to operate TV24, an information service covering the fields of sport, astrology, entertainment and health.

"What was unique about our service was providing information and letting people put direct questions to our experts," he adds.

When the session on racing advice finished at 11 am an astrologist takes over. At 8pm TV24 gives entertainment tips for the evening while at 10pm, if your date has failed to turn up, it switches to advice for the broken-hearted.

Sentilhes has a staff of five providing the TV24 service and another four providing an information service for viewers of Channel 5 France's first private television channel. Turnover reached FF2.3m (£800,000) in Si's first year and is projected to rise to FF6m in 1988.

The Channel 5 service is already breaking even but TV24 is not expected to move out of the red until April. The pain of absorbing these start-up losses has been eased by the injection of FF2.4m of venture capital by Alain Patrice d'Associés, the French arm of the international-venture partnership, and three other backers.

If Sentilhes can succeed in France, he says, he hopes to export the idea to Britain and the US.

On line to the experts

IT IS JUST 8am but already the first of the questions on the likely outcome of the day's race meetings are starting to arrive at the offices of Si.

Si is one of a raft of small companies set up to exploit the markets provided by "minitel", the French telecoms service which links individuals and businesses throughout the country through free home video terminals linked to the telephone network.

Gregoire Sentilhes (above), aged 27 and formerly general manager of two daily newspapers in

BRASS LAMPHOLDERS
Overseas company involved in the production of brass lampshades - Bayonet and Edison - is interested in having discussions with regard to the formation of a sales and distribution operation for the UK and Europe.

Write Box H3072,
Financial Times,
10 Cannon Street,
London EC4P 4BY

"OH WHAT A BEAUTIFUL MORNING..."

Investment required for a National Tour of the Rogers and Hammerstein Musical,
OKLAHOMA!
For further details contact 01 228 8561 or 01 311 7188

100% CAPITAL ALLOWANCES 5,220 sq ft Unit

Zero Land
Value
Salford
Enterprise
Zone
CHANCEL (0902)
353432

WANTED

REPRESENTATIVES - BUS DEALERSHIPS
• Cash Available
• Large Turnover Company
• Anywhere in the U.K.
• Total Distribution Coverage
• Group or Individual Companies

Please write in confidence to Box Number F7984

INNOVATORS PORTFOLIO FOR SALE/EXPLOITATION

Successful, prolific, professional product designer, inventor, innovator, gap in market spotter, marketer with proven track record, who seeks cash/val. for deal with entrepreneurial international management/marketing/sales Co. to manage existing and future worldwide. Major areas - packaging, consumer media, laboratory, gift, advertising products, leisure, fashion, franchisees.

Box F7992, Financial Times,
10 Cannon Street, London EC4P 4BY

Business Opportunities

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

DCC

Development Capital Corporation

**DEVELOPMENT CAPITAL
for
PRIVATE COMPANIES
MANAGEMENT BUYSOUTS
MERGERS & ACQUISITIONS**

Janusz Heath, George Young, Pierce Casey
103 Mount Street, London W1Y 5HE
Telephone: 01-491 0767

MANUFACTURERS

Has Your Product Mail Order Potential?
Are you sitting on a potential gold mine? Ever considered selling your products or services by post through mail order? With our expert advice, this untapped new outlet could quickly bring extra turnover into your Company - help improve its cash flow - and increase profits. Contact us now, before using inexperienced or non-specialist advice. We are a mail order advertising group with 30 years experience in successful product selling by post. We will provide any company considering this area of selling with a free appraisal/advice on the mail order viability and potential of the product or service. We offer full 'in house' creative/design/copywriting/media booking and production services.

Send details of your product or service in strictest confidence to: Box F7988, Financial Times,
10 Cannon Street, London EC4P 4BY

MANAGEMENT BUYSOUTS

Funds are available to assist management buyouts by the sale of freeholds and leases. Completion arranged simultaneously with acquisition of business.

Replies received in confidence.
Contact, Mr C C Tett, U K Land plc
145 Kensington Church Street, London W8 7LR
Tel: 01-221 1544

BUSINESS OPPORTUNITIES

Private Company situated in the Greater Manchester Area has developed a patented revolutionary electronic Commercial/Industrial heat control unit. Development and trials completed and a small manufacturing team created. The Company is looking for equity finance to develop national and overseas markets and other products.

Minimum investment area £100,000.00
For initial details and information write to:
PRESTWOOD MANAGEMENT LTD, 152 ASHLEY ROAD, HALE, ALTRINCHAM, CHESHIRE

MANAGERS or MANAGEMENT TEAMS In Financial Trading and Services Industries BREAKAWAY FOR INDEPENDENCE

We are an investment and financial establishment which can offer a unique package to executive managers or management teams who are seeking independence from their present employers and are able to break away and take the lead with their own business.

In our Piccadilly Headquarters, we can provide offices with all the modern facilities, as well as the use of in-house lawyers, accountants and financial advice.

We can provide finance as loans and/or equity, with quick decision. Enquiries also welcome for business expansion.

All enquiries would be treated in strictest confidence.

Please write to Box F7995, Financial Times,
10 Cannon Street, London EC4P 4BY

ABOVE AVERAGE PRICE

An above average price will be paid by fast growing Public Company for businesses related to services, property, distribution, retailing or expanding niche areas. To arrange confidential meeting,

Write to Box F7999, Financial Times,
10 Cannon Street, London EC4P 4BY,
or telephone (01) 278-7474

STOCKBROKERS

(Successful Licensed Dealers In Securities)
SEEK CAPITAL INVESTMENT
To Facilitate Stock Exchange Membership

Write Box F7982, Financial Times,
10 Cannon Street, London EC4P 4BY

WE ARE AN ESTABLISHED FINANCIAL SERVICES ORGANISATION

with an interest in expanding its Finance and Banking activities. We would like to talk to licensed, authorised institutions regarding:

1. Consumer credit books
2. Personal/small business "Banking" operations in London
We are substantially capitalised and have existing management and systems and are prepared to consider outright purchase of books and companies or mergers with our existing operations.

Please contact Box F7909, Financial Times,
10 Cannon Street, London EC4P 4BY

Your Plant in Switzerland

We are a venture capital group of Swiss industrialists and major banks and we are developing and industrial park ca 50 km from Basel airport and near the main automobile and rail routes. We are looking for entrepreneurs and companies with internationally competitive products whom we may assist with the financial fiscal planning of a manufacturing base in Switzerland. Plants in our industrial park can still be adapted to your individual requirements.

Please contact COFIDE P.LTD., P.O. Box 254, 2900 Parcroy/Switzerland
Tel. 02 66 15 92. Fax 02 66 15 93 423



HOW TO GROW AND GET ALONG WITH GIANTS

Already at the top of the leisure industry!
Growing an entrepreneurial idea for getting there?

Simply laying plans for a steady development!

One thing is certain, you're going to need adequate funding, skilful management and a first hand knowledge of your market.

A talk with Aspel Leisure could be your assurance of a profitable outcome, because our aim is to provide the most professional consultancy to the leisure industry. We study feasibility, arrange the necessary funding and work with you to develop successful operating and marketing strategies, including selection of staff, to achieve these objectives.

And because our senior management have "hands-on" experience in the business, we constantly practice what we preach, namely the optimisation of investment in this growth industry.

Call us - it could save you a great deal of time and money.

R. Pruszkalski,

INVESTMENT - MEDITERRANEAN

Brokers wanted for exciting property and tourist developments in Southern Spain and other Mediterranean countries which could offer the investor an opportunity to enjoy a secure and high yielding investment.

• Minimum annual returns 1% up to 25%+ with capital repayment and capital growth fully guaranteed.

Broker enquiries to SUNNY CORPORATION LTD, Box F7928, Financial Times, 10 Cannon Street, London EC4P 4BY Tel: 01-259 6355

UNIQUE SECURITY PRODUCT

Fully patented locking device which prevents the removal of electrical plugs from their sockets. Already selling into Telecommunications market. Product has potential in Computer security and Medical machinery markets. Owner of granted British Patent GB2158662B wishes to sell outright.

Enquiries from principals only to Box F7997, Financial Times, 10 Cannon Street, London EC4P 4BY

AGRICULTURAL INVESTMENT OPPORTUNITY

Britain's leading Farming Company seeks an investor interested in purchasing prime land for arable and pasture.

Because of changing institutional Investment Policy an opportunity exists to buy one of the finest and best equipped commercial farms in the country.

This farm has been operated by Velcourt for the past 15 years on behalf of the present Institutional Landowners. During this time it has consistently returned the highest level of profitability.

In historical terms land has never been cheaper.

The incoming sale creates a unique chance to purchase some of the best land in the country with a long history of profitable production.

VELCOURT

THE VELCOURT, MICH MARBLE
LEDGWELL, HEREFORDSHIRE HR1 2JL
TEL: JAMES TWYNSHEND
(053 186) 207

Brochure and details of fees from:

SPRINGFIELD COURT

Business Opportunities

AS A NEW BUSINESS, THE LAST THING YOU NEED IS AN EXPENSIVE ADVERTISING AGENCY.

We're the agency that will help you refine your strategy, lead you to media advice, prepare an entire launch campaign for you and carry it through to execution. All clients ten times your size. Why?

The DAVID NADEL Company

7 Richmond Buildings, Dean Street, London W1V SAE 01-629 7113

FINANCE YOUR STOCK

We offer unique stock finance facility to manufacturers and merchants and are seeking to expand our client base. If you require stock finance please apply in writing to:

Churchill Merchanting Ltd, 136 Buckingham Palace Road, LONDON SW1 9SA Telephone: 01-730 8428

TRADE OPPORTUNITIES IN FLORIDA

Are you interested in developing trade opportunities in Florida? Representatives wanted for the following areas on the West Coast of Florida will be in London February 14, 15 and 16, 1988. To receive info or schedule an appointment contact: Mr. John C. Smith, USA Business Counsel, Proactive County Industry Council, 2300 Tall Pines Dr., Suite 113, Largo, FL 34641. Tel: 727-571-1000. Fax: 727-571-1000. Please call William Casper, William Davis or Joseph Wheeler at the Royal Gardens Hotel at (01) 537-8000 to make with them and discuss mutual beneficial international trade opportunities.

PROPERTY FOR SALE

Freehold of 0.44 acre undeveloped site (fenced and standing only) on industrial Estate, St Albans area. Offers in the region of £265,000. Enquiries to writing to: St. Hilda's, 27 Hatfield Street, W1V 1DA quoting ref HL/510

MANAGING DIRECTOR

Successful senior executive with proven track record seeks position in import/wholesale. Write to Box F7758, Financial Times, 10 Cannon Street, London EC4P 4BY

MERCHANT BANKER - CHIEF EXECUTIVE

Widely experienced with extensive contacts and funding. Now available as consultant or full time. Areas of interest: fund raising, corporate finance, leasing and financial services.

Write to Box F7759, Financial Times, 10 Cannon Street, London EC4P 4BY

RESIDENTIAL INVESTMENT

Developing building 52 bungalows and 6 houses under NHBC warranty offers the potential for substantial profit. Owners required: Southern Yards, Yorks. Principals only. £1.5 million

Write to Box F7760, Financial Times, 10 Cannon Street, London EC4P 4BY

PLASTIC MOLDING

Many U.S. companies avail in injection, extrusion, blow/rotational, reinforced, thermoforming, structural form, compression. Schleifer Associates, 254 Fifth Ave., N.Y. N.Y. 10001. 212-427-2776. Buyers must be well related, not general investors.

MANAGEMENT/INVESTOR TEAM

With substantial capital available, looking for control of business, vehicle preferably consumer goods, with profits up to £500 per annum. Early Box F7761, Financial Times, 10 Cannon Street, London EC4P 4BY

LICENCE & MERCHANDISE OPPORTUNITY

First of series of children's books to be published by major publisher early 89 has character availability, for licensing and distribution. For details write with outline of your experience to:

Box F7762, Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses Wanted**HOTELS, INNS, RESTAURANTS**

A privately owned Group wishes to expand by acquisition of similar Companies or Single High Turnover Units.

Operations are currently based within the Southern M25 area and they would consider any South Eastern Locations.

Funds up to £10m. are readily available. Please write giving details, in strictest confidence to:

Bromford Group, Sheridan House, 114 Western Road, Hove, E Sussex BN3 1DD. Attention of: C Y Johnson

BUSINESS WANTED MANAGEMENT CONSULTANCY

A publicly quoted Computer Software House wishes to develop a Management Consultancy Division by acquiring a controlling or partial interest in an existing Management Consultancy.

Please send brief details in strictest confidence to:

Box H3090, Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses For Sale**FAIRFLIGHT LIMITED**

FAIRFLIGHT LIMITED, a well established and profitable Aviation Company involved in the operation, maintenance and leasing of Shorts 230 and 360 aircraft.

The founders and existing owners now wish to sell the business and assets and retire.

- Turnover for 1986/87 in excess of £6m
- Budgeted profits for 1987/88 in excess of £1 million

A brochure detailing the activities of the Company can be obtained from:

Nigel Harford

Sam Radford

AP The Aviation Partnership

3 Berkeley Square,
London W1X 5HG.
Telephone: 01-491 3611.

Touche Ross Securities

Corporate Finance Department,
Hill House, 1 Little New Street,
London EC4A 3TR.

STEEL PRODUCTS IMPORTER & WHOLESALER

- Highly profitable (30% gross margin).
- Sales approximately \$15 million
- Export profit \$2.5 million.
- Serves major industries.

For more information please write: EOP, P.O. Box 43116
Upper Montclair, NJ 07043 USA

HIGH TECH TYPESETTING ELECTRONIC PUBLISHING

- Computer typesetting and design for Books, Journals, Manuals etc.
- Private Company. Home Counties
- £10.6m Turnover. £100,000 + Profits

Write Box H3073, Financial Times,
10 Cannon Street, London EC4P 4BY

Magazine title

Unique monthly publication specialising in World affairs. Selling 25,000 to 30,000 internationally. Low production cost, high media profile.

Enquiries from James King, Solitaire, telephone 0703 626811
Fax 0703 640951

LOVABLE LIMITED

(In Receivership)

Business for sale as going concern. A quality ladies underwear manufacturer operating from leasehold premises in Cumbria near Glasgow, is offered for sale by its Receivers.

- Brand name licensed products.
- Turnover approximately £4 million.
- Established customer base.
- Current operating capacity of 3,000 dozen garments p.w.
- Raw material, work in progress and finished good stocks.

Interested parties should contact the Joint Receivers for further information:-

Robert J.T. Glen & Frank Blin,
Cork Gully,
Kintyre House,
209 West George Street,
Glasgow, G2 2LW.
Telephone: 041 226 4894
Telex: 778396
Fax: 041 221 9256

Admiral**DISTRIBUTORS OF SPORTSWEAR AND LEISUREWEAR (LEICESTER)****ADMIRAL INTERNATIONAL SPORTS GOODS LIMITED (IN RECEIVERSHIP)**

Business and assets for sale. Well-established worldwide trade marks held by wholly owned Swiss subsidiary, with 1988 licence income expected to exceed £14 million.

UK rights to the "Gridiron" trade mark. Substantial UK turnover.

For information write to:
R.J. Elwell, Ernst & Whinney, Provincial House, 37 New Walk, Leicester LE1 6TU.

DIRECT LENDER
wanted for our clients, 100 million + against collateral of prior bank notes. Mindest. 100% return, 12% p.a. 10/20 year pay back.

Contact: Mutual Capital Corporation, Tel: 021-356-7343
Administrator: Mrs. G. Greenaway, Telephone: 021-545-3232 (LLEA)

GOLF COURSE ARCHITECT/DESIGNER

Available for consultancy throughout Europe - Can also arrange course building. Please apply Box F7994, Financial Times, 10 Cannon Street, London EC4P 4BY

WEST MIDLANDS

MBA with capital and ten years in manufacturing and IT seeks to acquire or make major investment in business as

WORKING DIRECTOR

Write to Box F7995, Financial Times, 10 Cannon Street, London EC4P 4BY

TAX EFFICIENT FREEHOLD PROPERTY INVESTMENTS

100% TAX ALLOWANCE
New Freehold investments available. Gross yield 7.5%, net yield after tax of up to 12%. Individual units from £3,000 up to £12,000 plus.

Philip Brumfitt, DUNSTON LTD

A leading Inventions Agency

In speaking with industries/entrepreneurs from various fields who could benefit the furthering of innovation.

Telephone: 0222 390151; Business: 0685 73625

RESCUE DEVELOPMENT CAPITAL? Buying or selling a business? Contact: Michael Shattock, 745 2020.

Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Cambrian Board Mills Limited (In Receivership)

The business and assets of this established manufacturer of corrugated fibre board based in Merthyr Tydfil, South Wales, is offered for sale as a going concern.

• Turnover approximately £2.5m per annum.

• Specialised plant and machinery.

• Skilled workforce available.

• Situated in grant development area.

For further information contact: Jack Lewis, Joint Administrative Receiver; Arthur Young, Southgate House, Wood Street, Cardiff CF1 1EW. Telephone: 0222 390151; Business: 0685 73625

CHESHAM BECAUSE YOU ONLY SELL YOUR BUSINESS ONCE.

Chesham are the leading merger brokers in Britain and have confidential briefs from several hundred public company chairmen, who are looking to buy successful, private companies worth £500,000 to £25m.

If you're thinking of selling your business, contact our Managing Director to arrange a confidential discussion.

CHESHAM AMALGAMATIONS

The first name in merger broking.

Audley House, 9 North Audley Street, London, W1Y 1WE

Telephone: 01-629 5917.

FOR SALE

Group in South of England offer for sale one of its Light Engineering Divisions. Turnover £700,000 + with excellent order book. Could be easily re-located if desired.

Box H3085, Financial Times, 10 Cannon Street, London EC4P 4BY

SPECIALIST CATAMARAN BOATBUILDERS

The assets and trade of Catalac Catamarans Limited are offered for sale as a going concern. The Company specialises in the manufacture of well-respected, high quality, handcrafted catamarans in 8, 9, 10 and 12 metre versions. It operates from leasehold premises in Christchurch, Dorset.

- Specialist workforce of 40
- Leasehold premises of 50,000 square feet
- Strong existing enquiry list

Interested parties should contact the joint administrative receivers:

Barrie C. Pike
Peat Marwick McLintock, Dukes Keep, Marsh Lane, Southampton SO1 1EX. Telephone: (0703) 631465. Fax: (0703) 223547.

Barry G. Mitchell
Peat Marwick McLintock, Marlborough House, Fitzalan Court, Fitzalan Road, Cardiff CF2 1TE. Telephone: (0222) 462463. Fax: (0222) 481605.

KPMG Peat Marwick McLintock**Sports and Leisure Retailer Business for Sale**

Four prime site leasehold shops situated in Manchester, Birmingham, Nottingham and Liverpool. Leasehold warehouse and mail order business in Leicester.

* Turnover approx. £1 million per annum

* Currently 17 employees

For further details contact: Joint administrators L K Denney/J Wilson or A C White, Spicer & Oppenheim & Partners, Clumber Avenue, Sherwood Rise, Nottingham NG5 1AH. Telephone: 0602 607131.

SPICER & OPPENHEIM & PARTNERS

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

High Quality Precision Engineers Dorset

The Administrator is inviting offers for the business and assets of a high quality precision engineers, specialising in small components for the aircraft industry.

* Turnover approximately £450k p.a.

* Ministry of Defence approved contractor

* Skilled workforce

* Freehold site with development potential

For further details please contact: R. J. Gibbs, A.C.A. or B. P. Knights, Spicer & Oppenheim & Partners, Carlton House, Carlton Place, Southampton SO1 2DZ. Telephone: (0703) 334124.

SPICER & OPPENHEIM & PARTNERS

A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

ELECTRONICS - TELEMETRY

We seek a buyer for this business with established product lines in remote monitoring and control. Expanding high quality customer base. Design, development and assembly facilities. Relocatable.

Please reply to Robert Yorke, Yorke Business Development Consultants, Silver Birches, Bashurst Hill, Itchingfield, Horsham, W. Sussex RH13 7NY. Tel 0403-790500

BLANTYRE PRINTING AND BINDING COMPANY LIMITED

(In Receivership)

The Receiver has for sale as a going concern the business and assets of Blantyre Printing and Binding Company Limited, a highly respected company involved in the production of all types of educational and children's publications.

Assets for sale include:

Businesses For Sale

By Order of The Administrative Receiver R. Robinson FCA, FRP
re: SPRAY ENGINEERING (STAINLESS) PLC

PIPE FITTINGS AND SPRAY NOZZLE MANUFACTURER

Own range of high pressure steel and nickel alloy fittings, spray nozzles, emergency safety showers, etc. together with range of factored products. Supplying petrochemical, water and allied industries. Modern fully equipped freehold works.

Good order book. Sales £1.5m. pa.

Further details apply

EDWARD SYMMONS & PARTNERS

Rational House, 64 Bridge Street, Manchester M3 3BN

KIDSONS

CHARTERED ACCOUNTANTS

Royal Exchange, Manchester M2 7FB

North West London PRIVATE HEALTH CLUB

Fully fitted leasehold premises comprising Gymnasium, Sauna, Solarium, Pool Room, Kitchen, Members Lounge.

2600 sq. ft.

For further details apply Ref: RWP/JM

EDWARD SYMMONS & PARTNERS

58/62 Witton Road, London SW1V 1DH
Tel: 01-834 8454 Telex: 8954348 Fax: 01-834 3658
And at Manchester, Liverpool & Bristol

WORSTED SPINNER

£2M TURNOVER £ 2.4M PROFIT BEFORE TAX PRODUCING 400 TONNES p.a. SYNTHETIC YARN LOCATION IN LIECHENSTEIN - VERY LOW TAXES FREE ACCESS TO E.E.C.

Sale due to incompatibility with core activities.

WRITE TO BOX H3082, FINANCIAL TIMES,
10 CANNON STREET, LONDON EC4P 4BY

Owing to Retirement

Timber, Plywood etc. merchants and suspended ceiling contractors Business and Assets for Sale as a Going Concern ½ Acre Freehold Site (Mill, Racked Storage and Offices)
Price £500,000.

Located on A435, 1 Mile M42 (Junction 3) Easy reach M5, M6, M40.

Interested Principals only contact Michael Heaven FCA, Nettleton House, Calthorpe Road, Edgbaston, Birmingham, B15 1RO

NATIONAL SERVICE COMPANY

Allied to the Construction Industry
(Midlands and South England base)

T/O : £3m + Profits: 300k p.a.

Principals only write with details of funds available
for early settlement of purchase to:

Box H3066, Financial Times,
10 Cannon Street, London EC4P 4BY

BUILDING LAND/RESIDENTIAL HOME

Home set in 3½ acres with planning permission imminent. Long established home regularly producing pre tax profits of £50,000 per annum. Owners not involved in daily management, retiring. Prepared to consider offers for either land and/or home. Avon area. Enquiries from principals only.

Write Box H3074, Financial Times,
10 Cannon Street, London EC4P 4BY

FOR SALE - WOODWORKING COMPANY

Old established small private company based in Mid-Cheshire manufacturing a range of wooden products. Long history of profitable operation. 44,000 sq. ft. freehold land and buildings. 52 employees head by small management team. Managing director retiring. Prices in excess of £1m. For further details contact:

Jessells & Co.
Silk House, Park Green
Macclesfield
Cheshire SK11 7QW

ELECTRONICS - TELEMETRY

We seek a buyer for this business with established product lines in remote monitoring and control. Expanding high quality customer base. Design, development and assembly facilities. Relocatable.

Please reply to Robert Yorke, Yorke Business Development Consultants, Silver Birches, Bashurst Hill, Itchingfield, Horsham, W.Sussex RH13 7NY Tel 0403-790500

For sale - Decorative Structures Supplier. Design, Moulding and Manufacturing Company Specialising in GRC and GRG and Reconstituted stone. UK and Middle East Markets. One of the Recognised Leaders in the industry turnover circa £1 million.

Enquiries in writing to:

HUNTER & PARTNERS
MOUNT & HOWARD
113, Bute Street
Cardiff, CF1 6ZQ

CLOTHING PRODUCTION IRELAND

Highly efficient, modern clothing plant, c.13,000 sq. ft. single storey, freehold factory. Expandable on a 3½ acre site. Labour force of 100+ skilled, versatile and available. For sale or would consider lease or long term contract work.

Equipped for production of unstructured leisurewear. Located in easy reach of Dublin airport and City.

Please reply in confidence to Box H3078, Financial Times,
10 Cannon Street, London EC4P 4BY

HUNTER & PARTNERS

MAGNIFICENT COASTAL CARAVAN & HOLIDAY PARK
Plymouth Devon resort. Approx. 25 acres landscaped site with 80 mod. caravans & partial statics. Many new caravans. Excellent facilities. Holiday park revenue is very high (annual) & includes heavy revenues. Net current earnings per 9 hole golf course £100,000 p.a. T.O. approx. £100,000 p.a. Net profit approx. £30,000 p.a. F/HOLD. OFFERS INVITED OVER £1 MILLION C. £19

46 Mutley Plain, Plymouth Devon PL4 6LE

Catering Equipment National Distributor

North London
Well established business for sale with prestigious sole UK distribution rights for market leading manufacturer

- Lease of warehouse, showroom and offices on advantageous terms.
- Great opportunity for expanded turnover
- Good quality plant machinery and motor vehicles for installation and servicing
- Customer list includes blue chip multi-site restaurant owners

Principals only
Box No H3069.
Financial Times, 10 Cannon Street, London EC4P 4BY

CITY AND EASTERN (HOLDINGS) PLC

offer a unique sale of
TWO PHARMACEUTICAL COMPANIES
Celsic Coronach Toronto - Co. Galway, Eire.
via Crown Chemicals.

Sophisticated, modern contract pharmaceutical manufacturing facility. Fully licensed for human and veterinary applications conforming to all EEC and FDA standards. Full sterile facilities etc. Large plant capacity. Skilled workforce. Current v/o £500,000.

Crown Chemical Company (Ireland) Limited - Co. Cork, Eire.
Established veterinary manufacturing and distribution business. Freehold factory. Fully committed to sales and marketing staff and management. Current v/o £700,000.

Operated in conjunction profitability £200,000. With considerable scope for expansion. Would consider selling separately. Principals only to contact J.W.D. Montague at Petheridge Lane, Matfield, Tonbridge, Kent TN12 7LZ or:
TELEPHONE (0892) 32221
TELEPHONE (UK) 089272 3222
FAX: 089272 3262

WHOLESALE/RETAIL BUSINESS FOR SALE

£300,000 plus stocks.
Modern Office/Warehouse premises fully computerised + purchasing contracts, and a wholesale/retail turnover approaching £1 million with excellent gross margins.

For inspections of profits, and further discussions, etc. (Principals only)
Please write in the first instance with your telephone number to:

Chairman, Box H3067, Financial Times,
10 Cannon Street, London EC4P 4BY

NORFOLK

Long established DIY/off/hardware store in major market town. Freehold. Large scale residential development scheme currently under way.

Turnover in excess £100k. Gross profit 35%. Potential for residential accom. Rare opportunity to leave the Rat Race and enjoy the country life.

Expires to Box H3079.
Financial Times, 10 Cannon Street, London EC4P 4BY

FREELHOLD WAREHOUSE AUTOMATIC ELECTROPLATING LINE WEST COAST OF SCOTLAND

Specious 20,000 sq. ft. freehold warehouse together with superb automatic plating line for sale, either together or separately.

Apply to Box H3077.
Financial Times, 10 Cannon Street, London EC4P 4BY

ENGINEERING UNIT (MIDLANDS)

Assets for Sale. Freehold or Leasehold Factory. Plant including CNC Machining Centres, full range of gear manufacturing and precision engineering, including optical etc.

Capable of producing up to 100 units per week. Existing business available if required.

Contact Mr. Trevor Chapman
ACA Charterers & Valuers
45 Newall Street,
Birmingham B3 2QE
Tel. 021 233 3200

SMALL WELL REPUTED SALMON SMOKER

With prime wet fish retail shop (accommodation over) in picturesque South Devon coastal town, in process of expansion.

Write to Box H3068, Financial Times,
10 Cannon Street, London EC4P 4BY

Licensed Deposit Taker

Successful Northern based Licensed Deposit Taker engaged in finance business, including hire purchase and leasing is available to suitable purchaser.

Write Box H3042, Financial Times,
10 Cannon Street, London EC4P 4BY

Mitcham

Small general engineering company, approx 2,000 sq. ft. 31 yrs lease at present. Good potential for future expansion. Price £120,000.

Box H3076,
Financial Times, 10 Cannon Street, London EC4P 4BY

PROFITABLE WINE MERCHANT SOUTH WALES

Turnover £600,000 p.a. Good Growth Potential For Sales as going concern complete with Freehold Premises

Write Box H3065,
Financial Times, 10 Cannon Street, London EC4P 4BY

Industrial premises for sale, converted circa 15,000 sq. metres. Write Box H3075,
Financial Times, 10 Cannon Street, London EC4P 4BY

ADVERTISEMENT CENTRE Advert area, mixed AWP and VIDEO. Unique and rare opportunity. Agents: Dean & Co 071 563 0001

Company Notices

DAEWOO CORPORATION

US \$ 175,000,000.-
Floating Rate Notes due 1995
(Coupon No. 2)

Pursuant to Note conditions, Notice is hereby given that for the interest period from 8th February 1988 to 8th August 1988 an interest rate of 7½% per annum will apply.

Amount per coupon = US\$ 3,602.08

Payable on 8th August 1988

Reference Agent:
The Long-Term Credit Bank of Japan Ltd.,
London Branch

Dated 8th February 1988

BANQUE NATIONALE DE PARIS

Joint-Stock Company with a capital of FRF 2,938,588,400
Registered office: 16 Boulevard des Italiens - PARIS (Seine)
Trade Register: PARIS B 652 042 448

Floating rate bonds 1981-1996 of USD 10,000

Notice is hereby given to the holders of floating rate notes due June 1981-1996 of USD 10,000 each that they have the option to present their notes to the redemption fixed on 15 March 1988. The amount to be deposited will be three times the principal and not later than one month after the above date shall be reduced by 100/4% of the principal amount thereof at the following offices:

- BANQUE NATIONALE DE PARIS - NEW YORK
- BANQUE NATIONALE DE PARIS LUXEMBOURG S.A. - LUXEMBOURG
- BANQUE NATIONALE DE PARIS LTD - LONDON
- KUWAIT INVESTMENT COMPANY (BLAK) - KUWAIT

46 Mutley Plain, Plymouth Devon PL4 6LE

Businesses Wanted

PROFITABLE COMPANIES WANTED

We are a medium sized, diverse fully listed PLC. We have expanded significantly over the last few years through a policy of both organic and inorganic growth and are looking to continue with this strategy.

You will almost certainly be the principal shareholder/manager of a private company, probably, but not exclusively, in manufacturing, who has decided to sell it in a timely basis and a good profit record. You will want to capture on this effort whilst still retaining management responsibility and sharing in the future expansion.

If the idea of joining a group dedicated to corporate and personal growth appeals to you, then contact us in confidence. All replies will be forwarded

Box No. H3065 Financial Times, 10 Cannon Street, London EC4P 4BY.

ABOVE AVERAGE PRICE

An above average price will be paid by fast growing Public Company for businesses related to services, property, distribution, retailing or expanding niche areas. To arrange confidential meeting.

Write to Box H3089, Financial Times,
10 Cannon Street, London EC4P 4BY, or telephone (01) 278-7474

SOUTHAMPTON/PORTSMOUTH

Highly successful medium-sized plc in food distribution sector would like to acquire or take an interest in a successful and well-run distribution company operating in the Southampton/Portsmouth area. Additional warehouse capacity for expansion would be an advantage, and continuity of existing management would be essential.

Write to Box H3083, Financial Times,
10 Cannon Street, London EC4P 4BY

FROZEN FOOD INDUSTRY

A substantial private company wishes to acquire a business specialising in the production and/or marketing and distribution of frozen food.

Substantial funds available

Please reply in confidence to:
R.F. Millett, Streets & Co, Chartered Accountants,
Tower House, Lucy Tower Street, Lincoln LN1 1XW

SUBSTANTIAL PRIVATE INVESTMENT HOLDING COMPANY

Wishes to acquire control of Investment Oriented Businesses. SRO membership not essential as holding company would ensure membership requirements of appropriate organisation would be satisfied.

Interested parties please contact:-

Mr R Sinclair, Draycott Resources Ltd
01-499 2741

COMPANY REGISTRARS

Successful company operating in finance related field wishes to buy a firm of company registrars.

Please reply in confidence to Box H3060, Financial Times,
10 Cannon Street, London EC4P 4BY

Packaging Manufacturer/Distributor

London-based packaging Company with substantial funds is keen to acquire or merge with a plastics packaging manufacturer or packaging materials distributor in South-East. Please reply in strictest confidence to:

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday February 9 1988

Facing the Palestinians

A SENIOR official in Israel's Defence Ministry was quoted in yesterday's Financial Times as saying that Israel is now witnessing the "beginning of the Palestinians' war of independence."

He was speaking privately, not in his official capacity. Even so, he must be well placed to take the measure of what is going on: better placed, probably, than the Administration in Washington, which has despatched Mr Richard Murphy to the region; than the foreign ministers of the European Community who yesterday conferred with King Hussein of Jordan and wrangled among themselves over the wording of a statement; even, perhaps, than King Hussein himself and the other Arab heads of state whose views Mr Murphy is seeking.

Real issue

Washington has so far been discreet about the precise objective of Mr Murphy's mission, and those who report him as trying "to negotiate an end to the violence in the Israeli-occupied territories" may be oversimplifying. What is true is that, but for the violence, he would hardly have undertaken this mission at this time. So far it has more the look of a holding operation than of a full-blown peace initiative. It does not appear to address the real issue, or even to address itself directly to one of the two key parties to the conflict.

These two parties are the Israeli people and the Palestinian people. What is going on in the occupied territories is indeed a national uprising. King Hussein did not start it, nor did President Mubarak of Egypt; and there is no reason to think that either of them can stop it, much as they might like to. If Mr Murphy really hopes to negotiate an end to the violence, it is the Palestinians he should be talking to. But that brings us back to the question on which so many Middle East peace voyages have run aground: who represents the Palestinians?

When that question is put

An open debate on health

AFTER 40 years, a wide-ranging review of Britain's National Health Service is both overdue and welcome. The nature of the scrutiny set up by Mrs Thatcher, however, leaves much to be desired. The Government was justified in ruling out another Royal Commission report: this would have been slow, costly and inconclusive. The problem is that it has leaned too far in the opposite direction. As things stand, the future of the NHS is being debated in secret by a small, unnamed group of aides and officials. Health care is too important an issue to be treated in this fashion.

Review group

In spite of prodding from Mr Neil Kinnock, the Labour leader, Mrs Thatcher has yet to reveal the composition of her review group, its precise terms of reference, the criteria by which it will judge the NHS, or the date by which it is expected to report. All these are matters of legitimate public interest. The Government has said that it will consider any submissions received carefully, but it should go further than this and actively seek out expert and public opinion. This, after all, is what Mr Norman Fowler did in the run up to 1985 green paper on social security reform.

Ministers may argue that a full parliamentary and public debate can occur after publication of a discussion paper. This would have some force if the Government's majority were less overwhelming. If the proposals were genuinely green, and if the discussion period allowed were generous. None of these conditions seem likely to hold. The Government is under pressure to take action quickly to alleviate the problems of the NHS and the odds are it will try to push through legislation as swiftly as possible. It is all the more important, therefore, that debate is open and informed at this early stage. At present, the real consultation is being undertaken not by the Government, but by the House of Commons Social Services Committee, which is

busy taking public evidence. Terms of reference are particularly important in any review process. The merits of alternatives to the NHS can be assessed only with respect to agreed goals and priorities for national health care. These need to be brought out into the open soon. Since different objectives often conflict, some idea of weights attached to various goals is needed. If the drive for cost-efficiency clashes with the goal of equality of access to care, which gives way? If managerial objectives threaten clinical freedom, what happens? The review cannot dodge such questions.

Nor can it afford to ignore the fact that health care is a most unusual commodity. People demand good health, but they do not (as rule) demand health care products as such. Their concern is what treatment they will receive, what the expert knowledge necessary to query such judgments. The suppliers of health care services (the medical profession) thus in many instances determine what the demand for their output will be; indeed, health economists have coined the term "supplier-induced demand" to account for the way the costs and volume of treatment tend to escalate in the sector.

Elusive

The problems are most acute when health care is provided for profit in the private sector. There is evidence that operations are performed unnecessarily in the US, where private medicine flourishes. Costs are certainly high. Efficiency in medicine is elusive. It cannot be guaranteed by opting for a "free market," even if this were acceptable on social and moral grounds. Mrs Thatcher's review thus needs to look unambiguously at the NHS and not assume that other countries with larger private health sectors necessarily have fewer problems. Most important, it needs to listen to the widest possible range of outside opinion.

Andrew Gowers examines Ayatollah Khomeini's efforts to shape the future of Iran's Islamic revolution

The vice-regency of the Prophet

"THERE ARE two relatively powerful factions in our country with differences of view on how the country should be run . . . They may, in fact, be regarded as parties with out names."

These words were spoken in June 1986 by Hojatoleslam Ali Akbar Hashemi-Rafsanjani, the powerful cleric who is Speaker of the Iranian parliament and, perhaps, the most influential man in Iran after Ayatollah Ruhollah Khomeini. This week, as the country celebrates the ninth anniversary of its Islamic revolution, the underlying differences within the leadership have become more apparent at a time of increasing speculation about the Ayatollah's health.

Controversies have raged in the Iranian leadership over the nature of an Islamic republic ever since the revolution. They have been eclipsed only by the Gulf war, which remains the pre-eminent concern of both Government and public. But in the past few weeks, there has been a perceptible quickening of the debate over strictly internal affairs.

The ostensible issues are practical, ranging from land reform to labour law. But the real arguments, expressed in what often seem arcane theological terms, revolve around such questions as the theory and powers of Islamic government and ultimately about the long-term legitimacy of the Iranian experiment. At the weekend, in what appears to be a definitive effort to resolve the disputes, the Ayatollah ordered the establishment of a special assembly, involving six senior clerics and the seven top figures in the Government. It will decide on legislation on a range of far-reaching issues.

The renewed vigour with which the issues have recently been taken up at Friday prayer meetings and in the media is not surprising, since four-yearly parliamentary elections are due on April 8. With the campaign comes an inevitable intensification of the constant jockeying for power between leading personalities in the country's diffuse legislative system. There have been no political parties since the Islamic Republic Party was abolished last year, but the various "parties without names" can be expected to permit every effort to strengthen their positions in coming weeks.

The unspoken quest over the debate, which gives it extra urgency, concerns the longevity of Ayatollah Khomeini, the 86-year-old spiritual leader whose charisma and authority shaped the revolution. The Ayatollah, or Imam as he is called in Iran, is widely believed to be in poor health. His followers are beginning to focus obsessively on what happens after his death, both as to the succession and the sort of state he will bequeath. At the moment, the Imam shows little sign of weakening and has been displaying unaccustomed vigour after a period in which he appeared to

beaken taking public evidence.

Terms of reference are particularly important in any review process. The merits of alternatives to the NHS can be assessed only with respect to agreed goals and priorities for national health care. These need to be brought out into the open soon. Since different objectives often conflict, some idea of weights attached to various goals is needed. If the drive for cost-efficiency clashes with the goal of equality of access to care, which gives way? If managerial objectives threaten clinical freedom, what happens? The review cannot dodge such questions.

Nor can it afford to ignore the fact that health care is a most unusual commodity. People demand good health, but they do not (as rule) demand health care products as such. Their concern is what treatment they will receive, what the expert knowledge necessary to query such judgments. The suppliers of health care services (the medical profession) thus in many instances determine what the demand for their output will be; indeed, health economists have coined the term "supplier-induced demand" to account for the way the costs and volume of treatment tend to escalate in the sector.

Elusive

The problems are most acute when health care is provided for profit in the private sector. There is evidence that operations are performed unnecessarily in the US, where private medicine flourishes. Costs are certainly high. Efficiency in medicine is elusive. It cannot be guaranteed by opting for a "free market," even if this were acceptable on social and moral grounds. Mrs Thatcher's review thus needs to look unambiguously at the NHS and not assume that other countries with larger private health sectors necessarily have fewer problems. Most important, it needs to listen to the widest possible range of outside opinion.

have withdrawn largely from day-to-day politics.

In December, he wrote a new will, in which he is believed to set out guidelines for the country after his demise. Subsequently he has issued a number of decrees on economic, social and legal issues which appear to be an attempt to give fresh impetus to reforms which have long been stalled by ideological disputes. All this activity has served to create the impression of a man who knows he is not long for this world and wants to make sure that his vision of the Islamic republic outlasts him.

The Ayatollah's departure is almost bound to herald a period of uncertainty. It is principally due to his unifying influence that the revolution has survived against daunting odds, including international hostility, the war with Iraq and deep, often violent dissension at home. And there is no comparable figure to succeed him.

The authority of his position is built into Iran's 1979 constitution through a concept known as the

devoted to the war effort, and oil revenues are a fraction of what the Shah's Government used to regard as necessary for peacetime development needs 20 years ago. Unemployment and under-employment have climbed sharply and inflationary pressures remain strong. The goal of self-sufficiency, which the Islamic republic has always striven for, as an accompaniment to political independence, remains remote.

The economic and social policy deadlock which has gripped the leadership in recent years lies at the heart of the debate about the nature of post-Khomeini Iran. The controversies are complex, but they boil down to a basic disagreement about the role of the state in the economy and in the lives of individuals. They stem from an in-built contradiction between the reformist expectations raised by the revolution and the deep-seated conservatism of some of the senior clerics who participated in it.

Ever since the radicals have been pushing for greater state control over the economy and with it, in theory, the means to fulfil the aspirations of the *mazaher-e-faqih* – the dispossessed masses so often referred to in revolutionary rhetoric. Early on, there was wholesale nationalisation of the banking sector and there have been significant moves towards state control over foreign trade. But in a number of crucial areas, radical plans have been frustrated by dogged opposition from clerical leaders, who argue that the state has no right under Islamic law to interfere with private sector affairs.

This fundamental split – complicated by the fact that the Koran can be read as containing contradictory advice on economic matters – has become all but institutionalised in the Islamic republic because of the system of checks and balances under which it is governed. On the one hand, there is the executive, containing prominent radicals such as Mr Mousavi, and the Majlis (the legislature) led by Mr Rafsanjani, who on economic matters stands among the reformers. On the other, is the Council of Guardians, which is supposed to vet legislation to see that it accords with Islam. It is here that the conservative clerics have time and again exercised their powers of obstruction, if not veto, over radical measures.

Land reform, a question of immense economic, psychological and religious importance in Iran, is a case in point. Not long after the revolution, there were moves to confiscate large landholdings and redistribute them among peasants. A radical land reform law was passed, but leading clerics argued strongly that it was unfair to landowners. Khomeini later suspended the parts of the law dealing with private property. Subsequent legislative efforts have been blocked by the Guardians. An attempt to legislate for the complete nationalisation of foreign trade, for example, was also struck down.

It can be argued that many of these issues remained unresolved because Khomeini did not adopt a clear position. The Ayatollah has rarely used his immense power to decisive effect on economic policy issues, or even displayed much interest in them. This may be changing. The latest spate of decrees from the Ayatollah sides clearly with those who favour economic reform. Last summer he ruled that profiteers and hoarders could be punished, though such action might be seen by conservatives as unwarranted interference with the rights of the private sector. More recently, he agreed that the Government could withhold utilities or other services from private sector employers who refused to pay a minimum wage or provide social security contributions for their workers.

On January 7 he issued his most far-reaching statement so far on the powers of the different branches of government, and in particular of the *velayat-e-faqih*.

The Imam stated that the Government potentially enjoys absolute powers which may override other aspects of Islam. It is here that the conservative clerics have time and again exercised their powers of obstruction, if not veto, over radical measures.

Land reform, a question of immense economic, psychological and religious importance in Iran, is a case in point. Not long after the revolution, there were moves to confiscate large landholdings and redistribute them among peasants. A radical land reform law was passed, but leading clerics argued strongly that it was unfair to landowners. Khomeini later suspended the parts of the law dealing with private property. Subsequent legislative efforts have been blocked by the Guardians. An attempt to legislate for the complete nationalisation of foreign trade, for example, was also struck down.

Indeed, there are signs that the legislative log-jam is being broken. Long-blocked laws are being resubmitted to the Majlis and may be viewed with new flexibility by the Guardians. The new assembly that the Ayatollah has ordered to be set up, directly pitting the Guardians against the reformers, may turn out to be divisive in this respect. More important is the potential long-term effect. By coming out so strongly in favour of decisive, reforming government – in effect, backing one of the parties without names – the Ayatollah may be trying to sketch the outline of a system capable of functioning in his absence. But the real work of extricating Iran from its political, military and economic predicaments will take time, and is probably a job which only the Imam's successors can begin to tackle.

Additional research by Schokra Zadeh

also delivered a hefty blow to President Seyyed Ali Khamenei. The decree was designed to correct the President's view that the executive functioned "within the limits of Islamic laws and Islamic principles." Although he was one of the founding fathers of the revolution, the President's political fortunes have recently been on the wane.

The economic radicals have been quick to seize the initiative. "It is an immense injustice to Islam if it cannot demonstrate its power on essential issues of the state . . . today the views of our leader are our final authority," crowed Mr Rafsanjani, predicting that the Ayatollah's ruling would set a new course for the economy away from capitalism. "The Imam's message opens the way for the Islamic Government to deal with problems and complexities facing world society under any circumstances," added Mr Mousavi.

Indeed, there are signs that the legislative log-jam is being broken. Long-blocked laws are being resubmitted to the Majlis and may be viewed with new flexibility by the Guardians. The new assembly that the Ayatollah has ordered to be set up, directly pitting the Guardians against the reformers, may turn out to be divisive in this respect. More important is the potential long-term effect. By coming out so strongly in favour of decisive, reforming government – in effect, backing one of the parties without names – the Ayatollah may be trying to sketch the outline of a system capable of functioning in his absence. But the real work of extricating Iran from its political, military and economic predicaments will take time, and is probably a job which only the Imam's successors can begin to tackle.

Additional research by Schokra Zadeh

Irish eyes for Stalker

The Irish are displaying a seemingly unique thirst for knowledge of British police affairs and secret service operations.

The former deputy chief constable of the Greater Manchester police force, John Stalker, autographed his way through 2,000 copies of his new book in Dublin at the weekend and Harrah's publishers will have 20,000 copies in Ireland by the

end of the week.

The contrast in demand was provided by a signing session at W H Smith in Holborn Circus, London, yesterday, when 250 copies were sold and signed within 80 minutes, still a fair success, according to Mervyn Hughes, marketing director of Harrah's.

Many of these, however, have found their way across the Irish Sea. Michael Hoban, director responsible for wholesale books at the company, is rubbing his hands at the public desire for secrets. He said yesterday that the experts in the book – the experts in the secret service – were a small country and a best-selling hardback would be hard put to sell more than 200 copies a day.

While Spycatcher remains a banned book in Britain the Dublin company Eason and Son, which has the Irish distribution rights, has put out 45,000 copies since it got hold of the book last October.

Many of these, however, have found their way across the Irish Sea. Michael Hoban, director responsible for wholesale books at the company, is rubbing his hands at the public desire for secrets. He said yesterday that the experts in the book – the experts in the secret service – were a small country and a best-selling hardback would be hard put to sell more than 200 copies a day.

Stalker is signing copies of his book in W H Smith in Manchester today. If you want to know the way you could always ask a policeman.

Strike deal

Ford's management and unions managed to agree on at least one thing yesterday as the company's 32,500 manual workers began their strike.

Management at Halewood found it difficult to get into the gates. They suggested that all but two gates should be closed, and the unions should confine

their picketing to the remaining gates which would be left open.

The arrangement would make life easier for both sides, the management suggested.

But in Ford tradition the men on the picket lines asked: "What's in it for us?"

The management quickly raised their offer by agreeing to supply the pickets with free firewood. After a brief meeting, the pickets' leaders agreed to recommend the offer, and on a show of hands the deal was struck.

Getting there

Not only does it cost more to live in London than in the north, it also costs more to get out if you travel by British Rail on one of its "saver" tickets.

This apparent anomaly was exposed during a friend's weekend visit from Wakefield to London by car. He wanted to return by train and asked whether he should buy a ticket at Wakefield or King's Cross. A standard single ticket was £2.20 but if he could buy a blue saver return ticket valid for one month.

Astonished as he was to find that it cost less to go and come back than it did to go and stay there, he was even more surprised to be told that if he bought the same saver ticket at King's Cross it would cost £2.29 – an extra pound.

Calls to ticket offices in the north and south seeking an explanation led to comments such as: "I can't explain" (south) and "I'm stumped" (north).

A British Rail spokesman shed some light when he said it was a "commercial decision" to charge extra for those visiting the north from London. The InterCity business could price them at whatever level it chose beneath the standard fare since the saver tickets, which have restricted travel times outside peak periods, are special offers.

He added: "This is a ticket club".

This raises the question of how many people, having bought cheaper saver tickets, then find themselves holding an unwanted return portion. Just in case they are thinking of sending them to a friend or relative, BR points out that tickets are not legally transferable but as one BR spokesman added: "Who's to know?"

Perhaps they should all meet and form an organisation called the "spare ticket club".

Philip Stevens, Lazard Investors, 21 Moorfields, London EC2P 2HT. Telephone: 01-584 2721.

Name: _____

Address: _____

Telephone: _____

ETR/2/88

1000 150

OBSERVER

Incidentally it may be noted that the Liverpool-Euston journey of 193 miles costs less on the saver ticket than the Wakefield-London trip of 176 miles, such are the vagaries of British Rail pricing policy. But that's another story.

Dial-a-director

Geoffrey Dickens, the Conservative MP for Littleborough and Saddleworth, known for his private war against paedophiles and telephone tapping, is drawing on his investigations in both areas, having secured an adjournment debate today on the British Telecom service for teenagers called Talkabout.

The service, which charges a higher rate than normal calls, allows young people to talk on a shared line. It has attracted controversy since some children have run up huge telephone bills without the knowledge of their parents. There have also been stories of the service attracting unsavoury types trying

EC pressure on Israel

From Mr Zalman Shoval.
Sir: Almost exactly 50 years after the Nazis ordered a boycott of Jewish trade, Edward Mortimer finds it appropriate to call for economic sanctions by the European Community against Israel ("Hearing the message of the uprising," February 2).

"Why," Mr Mortimer asks, "should the EC lay aside its one important lever on Israeli policy?" Actually Israel imports more from the EC than she exports to it, but that is beside the point.

There are two immediate answers to Mr Mortimer's question. First, it is not the business of the EC to interfere in the internal affairs of its members or its contractual trading partners. Would Mr Mortimer suggest that the EC apply its "lever" also against Britain because of Northern Ireland, or against Morocco because of its war against the Polisario - or is just Israel which is to be singled out?

Second, after the extermination of six million Jews during the Holocaust, while most of the world stood idly by, Europe does have a special responsibility towards the survivors, who are trying against heavy odds to reconstruct their individual and national existence in their homeland.

Israel takes its democracy and all that this implies, including the rule of law, very seriously; this indeed is one of its principal contributions to peace and terrorism. But is not Israel entitled to defend itself against those who want to destroy it?

Israel faces the well-known dilemma of a free and open society trying to defend itself against those who want to subvert it by force and violence - a dilemma not always successfully resolved by the UK and the US in the past.

Zalman Shoval
75 Sharot Street,
Tel Aviv,
Israel

Australian unions had a central role

From Mr Roy Green.
Sir, Joe Royle (January 29) attempts to draw lessons for the British Labour Party from the Australian experience. This would be instructive if the right lessons were drawn.

It may certainly be true that, in Australia, "Labour has won the arguments, while the Conservative opposition is lost and forlorn." However, it is wrong to imply that this is because union leaders are "keeping their heads down," and that their counterparts in Britain should do the same.

The Australian union leadership is widely acknowledged to have played a central role in developing and reshaping the "accord" with the Labor government. The current shift in the wages system from centralised incomes policy to more flexible bargaining at enterprise level is due in large measure to union initiatives.

The aim is to extend collective bargaining over issues which relate to productivity in the trade-exposed sectors of the Australian economy. This approach is being pursued within the framework of a tripartite industry policy, and will be supplemented in the near future by further measures to promote employee involvement in company decisions.

Far be it for me to advise the British Labour Party on how to improve its electoral popularity. But those who would wish to restrict or play down the trade union role in Labour's recovery will draw no comfort from the Australian experience.

Roy Green,
12 Merton Gardens,
Cambridge CB3 2QG,
UK

Letters to the Editor

Vocational education compared

From Miss Hilary Steedman.

Sir: It is surprising that Alison Wolf (February 2) should consider "master of a few crucial skills" (crucial to whom?) more worthwhile than broader technical understanding and competence. In today's world of rapid technical change, a high degree of flexibility and adaptability of the workforce has become increasingly required by industry.

One of the factors contributing to French industrial success has been the provision of vocational education which aims to equip students with a broader technical understanding (for example, basic electronics, mechanics, technical drawing, for manufacturing occupations), as well as competence in specific skill areas. The same is true in Germany. In Britain it seems to be frequently to be the case that vocational courses merely expect to acquire the one or two narrow skills directly required by their employers.

For a vocational qualification to be of value today - to trainee and to employer - it is essential to examine both theoretical knowledge and practical skills by objective external assessment. Our international comparisons of standards of vocational training at the National Institute have been based on the appropriate final examinations and practical tests, and not on syllabuses (which, as Alison Wolf rightly points out, do not tell us what

From the General Secretary of Apex.

Sir: Mrs Alison Wolf makes an important point (Letters, February 2): formal tests are very bad at telling how a skilled worker will perform on the job.

What she fails to point out is that there is widespread evidence to show that a longer basic education provides the community with workers who show more initiative, and have greater flexibility, than those of shorter formal education. Since the UK has failed for many years to increase its statutory period of formal education, while all our major competitors have increased theirs, the implication - for a society where commerce and industry are based on the ability to master forms of new technology - is fundamental to our future.

Mrs Wolf rightly says that the National Institute of Economic and Social Research

and Social Research

has been set up to examine the implications of this.

Unless we in the UK increase the length of formal education for young people, in line with our competitors from Korea to France - and unless we substantially increase the number of computer and technical trainees for industry and commerce - then Britain's decline will continue.

Roy Grantham,
Apex,
22 Worples Road, SW19



Shrinking credit at the bank

From Mr J.P. Maddams.

Sir: Michael Dixon (January 27) refers to a bank boss who refuses to employ anyone over 5 feet 9 inches tall. Is this to encourage potential employees

Education changes in Scotland

From Mr Jim O'Neill.

Sir: Your readers should not be misled by Government propaganda into believing that the new proposals on school boards in Scotland are a substantial climb-down on the Government's part. It is only the presentation which has changed, not the policy.

The per capita spending by the school board will be required to confirm the head teacher's plans. Mr Michael Forsyth, the Under Secretary of State for Education and Health in the Scottish Office, made it clear that the curricular to this was that the board would subject the plans. Such control over per capita spending, of course, gives very substantial direct influence over the curriculum.

The original plan, to allow a school board to veto the head teacher appointment, has been amended to give the board the power of veto over the shortlist. This is a considerable extension of the board's powers: it can veto all the applicants for a post. Again, a board will be able to petition the local authority for a teacher's removal. The boards even retain the right to extend their powers to include direct management of the schools.

These plans for school boards remain alien to the traditions of Scottish education, and dangerous to its proper management.

Jim O'Neill
National Association of Schoolmasters/Union of Women Teachers
30 West George Street,
Glasgow,
Scotland

Hong Kong has always been denied representative government

From Mr T.W. Brown.

Sir: There clearly is no truth in the old cliché about the inscrutable Chinese, at least as regards Hong Kongers, because there is such an abundance of Britons endowed with the power apparently to read and articulate their political wishes and interests so perfectly and completely that the need for the normal democratic process becomes superfluous.

Mr Julian Hockin (Letters, February 1) joins with a colonial administration and UK government convinced they know best for the people of Hong Kong. I cannot accept that Hong Kongers do not want to have democracy "inflicted" on

Boro' are going to win the Cup

From Mr George Scott.

Sir: I beg space to salute Observer, a columnist who is not only, as we would expect, well-informed, but also a person of rare perception.

Ever since the unforgettable glories of George Camsell, George Hardwick and Wilf Mannion, I have followed the erratic fortunes of the Middlesbrough Football Club. So often, rich promise has ended in melancholy disappointment. Now, as Observer has twice proclaimed, it is to be "Boro'" who are going to win the Football Association Cup.

By contrast, practical tests were dropped by the City and Guilds of London Institute some years ago, and by no means all training boards in the UK have yet succeeded in making a pass in externally set and moderated practical tests, lasting between 8 and 12 hours.

It is precisely because in French vocational schools students spend half their time in practical workshop activities, and must pass an externally set and moderated practical test, that these courses are able to equip students with the training and education necessary for work in skilled engineering occupations.

There is much to be learnt from the way France and Germany have succeeded in equipping such a high proportion of their workforce with a basic technical education and practical skills training. To imagine that the UK can succeed in a high-technology competitive world by aiming solely at a narrowly-skilled workforce is a recipe for long-term national decline.

Hilary Steedman,
National Institute of Economic and Social Research,
2 Dean French Street,
Smith Square, SW1

UK delays payment to FAO funds

From Mr A.J. Peckham.

Sir: In his comments (Letters, February 2) on your report (January 27) of Britain's decision to delay its annual contribution to the United Nations Food and Agriculture Organisation (FAO), the organisation's director of information highlights its four main functions: a global information centre on food and agriculture; an adviser to governments in both developed and developing countries; and as a forum for related technical discussions; all - he claims - global activities unrelated to FAO's fourth role in monitoring field projects (mostly, I take it, in the third world).

If that were true, why should Britain's £10m contribution be a charge to aid funds? That is, in my view, a specific by Parliament to spend on aid to developing countries?

Whether or not there are 7000 FAO staff in Rome (a figure which the FAO director of information disputes), their tax-free salaries would go a very long way towards financing field projects. If, as is claimed, much of FAO's work is unrelated to the latter, then it is high time an alternative source of funds were found.

A.J. Peckham,
7 Yardley Park Road,
Tonbridge, Kent

Tax rates must come down

From Mr Graham Bannock.

Sir: Mr Samuel Brittan (February 4) makes the case for remitting \$5bn in a tax reforming package, on the grounds that monetary policy is the most effective form of demand management - and with the proviso that we continue by that policy to tie our exchange rate to the Deutsche Mark.

Whatever the views on that, taxation is not just a means of financing government expenditure which has the inconvenient side effect of affecting the pressure of demand. Taxation, as Mr Brittan has pointed out repeatedly, also has longer term effects on the supply side of the equation, even though the Laffer curve may have been discredited.

Never mind the fact that many other - economically sluggish - European Community member states have a higher tax to GDP ratio than we have. We need to get tax rates down further towards US and Japanese levels if our emerging "enterprise economy" is to continue to change and grow at a rapid rate in the long term.

These plans for school boards remain alien to the traditions of Scottish education, and dangerous to its proper management.

Jim O'Neill
National Association of Schoolmasters/Union of Women Teachers
30 West George Street,
Glasgow,
Scotland

them, unless the question has been directly put to them in a referendum.

But the inalienable right of representative government and democracy has always been denied the Hong Kong people, and it seems that the Government is intent on reminding that the UK government has lost its last chance to introduce proper elections without clashing with the officially published future Basic Law of Hong Kong. There are many who will regard this as an unforgivable betrayal.

If that were not bad enough, consider the fate of 5.5m hard-working, well-educated people, delivered not to nationhood and full political freedom after 150

THIS WEEK'S European Community summit always looked like being a very difficult encounter. It was called as an emergency response to the deadlock, over farm policy reform and Community finance, at the December summit meeting in Copenhagen; yet there was little reason, apart from the handing over of the presidency from a small country (Denmark) to a large (West Germany), to suggest that the problems would become any easier with the passage of time.

On the contrary, if electoral issues have anything to do with the case, the negotiations could be even more arduous. Nothing in UK Prime Minister Margaret Thatcher's character suggests that she will be likely to surrender the principles either of a cast-iron reform of farm policy or of Britain's entitlement to an unchanged budgetary rebate.

I saw them play non-League Sutton United down here in the soggy south in the third round, when they stammered only to deceive, and to show their innate generosity of spirit. Similarly, in the fourth round, they have merely delayed delivery of the coup de grace to Everton. When they face Liverpool at Ayresome Park in the fifth round, no prisoners will be taken.

Already, as is my custom, I have backed Boro' for the Cup: first at 66-1, and now at 150-1. I am about to find out the odds on Middlesbrough doing the double - winning the Second Division championship, as well as the Cup.

May I urge you to publish this letter in support of Observer before Tuesday's replay at Goodison Park? I do so not because of any fears about the result, but to avoid any cheap suggestions that I am climbing on a bandwagon. I have been sitting on it for more than 50 years, just waiting for it to roll. Up Boro'.

George Scott,
26 Vineyard Hill Road,
Wimbledon Park, SW19

UK delays payment to FAO funds

From Mr A.J. Peckham.

Sir: In his comments (Letters, February 2) on your report (January 27) of Britain's decision to delay its annual contribution to the United Nations Food and Agriculture Organisation (FAO), the organisation's director of information highlights its four main functions: a global information centre on food and agriculture; an adviser to governments in both developed and developing countries; and as a forum for related technical discussions; all - he claims - global activities unrelated to FAO's fourth role in monitoring field projects (mostly, I take it, in the third world).

If that were true, why should Britain's £10m contribution be a charge to aid funds? That is, in my view, a specific by Parliament to spend on aid to developing countries?

Whether or not there are 7000 FAO staff in Rome (a figure which the FAO director of information disputes), their tax-free salaries would go a very long way towards financing field projects. If, as is claimed, much of FAO's work is unrelated to the latter, then it is high time an alternative source of funds were found.

A.J. Peckham,
7 Yardley Park Road,
Tonbridge, Kent

Tax rates must come down

From Mr Graham Bannock.

Sir: Mr Samuel Brittan (February 4) makes the case for remitting \$5bn in a tax reforming package, on the grounds that monetary policy is the most effective form of demand management - and with the proviso that we continue by that policy to tie our exchange rate to the Deutsche Mark.

Radical tax reform may not be a realistic possibility in the Budget, but lower tax rates would reduce the effects of tax-induced distortions on the pattern of output, encourage shifts in resources, the more efficient working of the capital markets, and improve labour mobility - not to mention tax compliance.

Graham Bannock,
53 Chelwood Court,
Crawford Street, WI

teacher appointment, has been amended to give the board the power of veto over the shortlist. This is a considerable extension of the board's powers: it can veto all the applicants for a post. Again, a board will be able to petition the local authority for a teacher's removal. The boards even retain the right to extend their powers to include direct management of the schools.

These plans for school boards remain alien to the traditions of Scottish education, and dangerous to its proper management.

Jim O'Neill
National Association of Schoolmasters/Union of Women Teachers
30 West George Street,
Glasgow,
Scotland

whatever the size of international offensive you may be planning. There's a minimum of documentation. With no hidden extras, and account terms for regular customers.

If that's the kind of delivery service your company requires dial 100 and ask for Freefone Royal Mail International.

We'll arm you with all the facts.

FOREIGN AFFAIRS



A deafening silence on defence

Community's budget, and far more than two thirds of its political energies. A recent declaration by the Action Committee for Europe, the recently resuscitated successor to Jean Monnet's celebrated EC ginger group, puts its finger on the point: "Last year was marked, in economic matters, by the dramatic fall in the value of the dollar and of stocks and bonds; in defence and security matters, by the signature of the INF

Community's declaration is that it appears to have sunk without trace. The French Government was already engaged in pressing the case for closer monetary union, to

Ian Davidson argues that European leaders should be concentrating on more important matters than agriculture

the discomfiture of the Germans; but that particular debate seems not to have been given extra impetus; and no government seems to have responded to its recommendations on the defence issue.

The argument for giving Europe a security dimension ought to be compelling; the record of the Reagan presidency with Star Wars and the Reykjavik summit, the structural pressures on the US defence budget and the need for a qualitative leap forward towards a closer union, first with progress towards a common currency and a common monetary authority;

As a response to this dilemma, the committee recommends that the Community make a qualitative leap forward towards a closer union, first with progress towards a common currency and a common monetary authority; and second, with a strengthening of Europe's defence arrangements in an enlarged Western European Union. Progress along both these avenues is essential, it argues. Europe will not carry its proper weight in international monetary affairs until it can

be a mechanism for declaring France's political solidarity with its European partners, without renouncing the inheritance of Gaullist doctrine, they can scarcely fail to be operationally marginal to the essentially multilateral nature of Nato. On the other hand, Mrs Thatcher does nobody a service by sneering at France's considerable efforts discreetly to rejoin its allies, let alone by talking as if the Alliance does not suffer from (among other things) a specifically European problem.

Whether the WEU will be the solution to the problem is perhaps a separate point; sooner or later, Europe's defence interests need to be based on multilateral arrangements. But in the meantime, for Mrs Thatcher to dismiss the political significance of French overtures, to Britain or to Germany, seems merely silly.

Indeed, the three biggest countries in Europe all seem determined to show by their actions that they reject both the general argument for a stronger multilateral defence arrangement in Europe, and the specific recommendation

Which makes them remarkably reliable

Tuesday February 9 1988



FORMER PRIME MINISTERS LEAD CAMPAIGN TO TOPPLE MAHATHIR

Malay leadership crisis deepens

BY WONG SULONG IN KUALA LUMPUR

THE LEADERSHIP crisis within Malaysia's ruling United Malay National Organisation, Umno, has deepened, after two former prime ministers are leading a campaign to topple Dr Mahathir Mohamad from the national leadership.

The move is being led by Tunku Abdul Rahman, the country's founding prime minister, who used the occasion of his 88th birthday yesterday to demand Dr Mahathir's resignation.

Speaking to a group of well-wishers at a tea party at his

residence on Penang Island, the Tunku, or "Bapa Malaysia" (Father of Malaysia) as he is also known in Malaysia, announced that he and Tun Hussein Onn, Dr Mahathir's predecessor, were sponsoring a move to revive Umno, which was declared "an unlawful society" by the high court last Thursday.

The court decision came after 11 Umno dissidents brought a legal challenge that Dr Mahathir's election was invalid. The judge declined to rule on this but said that Umno was an illegal party because about 30 of its

branches had members not affiliated to the national party.

The decision was interpreted, at the time, to mean that although Dr Mahathir would be able to stay on as prime minister, he might have to stand for re-election. He won re-election as president of Umno last April by a wide margin over Tunku Razaleigh, the Trade and Industry Minister.

Dr Mahathir summoned an emergency meeting of his close advisers last night to discuss the crisis. At the same time, the 12 coalition partners of Umno have pledged support to him,

although it is difficult to ascertain the depth of their commitment in such a fluid situation.

The open challenge by the two former leaders represents the biggest threat to the 62-year-old Dr Mahathir since he came to power nearly seven years ago, and it opens up an uncertain future for the multi-racial, multi-religious south-east Asian country of 16m.

It is unclear how the two former prime ministers intend to force Dr Mahathir out of office. But Tunku Razaleigh would be the obvious beneficiary of their campaign.

Martini in \$160m bid for liqueur producer

By George Graham in Paris

MARTINI and Rossi, the international drinks group, has launched a FFr817m (\$160m) friendly counterbid for Benedictine, the French liqueur producer.

The new offer of FFr6,550 a share is 5.6 per cent higher than the bid from Seagram Martini, the family-controlled cognac group, which was bitterly rejected by Mr Alain Le Gland, chairman of Benedictine and the fifth generation of his family to run the company.

The move keeps the spotlight trained on the international drinks marketing business following the conclusion last week of a fierce takeover battle for Martell, the French cognac group, when Seagram of Canada fought off rival bids from GrandMet of the UK.

Benedictine, which is incorporated in Luxembourg, managed from Geneva and controlled from Italy, ranks sixth among the world's spirits groups. It is bidding for the whole of Benedictine unlike Remy, which has bid for between 51 per cent and 60 per cent of the company's equity.

Mr Robert Duranton, chairman of Martini and Rossi's French subsidiary said: "For us, the addition to our range of a great liqueur is important. Our intention is that Benedictine should remain Benedictine, a prestigious name developing independently."

Benedictine yesterday welcomed the Martini bid as a friendly offer. The board is expected to meet shortly to accept the bid.

Remy yesterday made no formal response to the Martini offer. In an interview before the counterbid was announced, Mr Francois Heriard-Dubreuil, chairman of Remy et Associes, the distribution subsidiary through which Remy Martin had made its bid, said that his group was offering a good price for Benedictine.

"It cannot be justified on the financial results of the company as such. It is only justified because we have our distribution network," he said.

His brother Mr Marc Heriard-Dubreuil, vice-chairman of Remy et Associes, added that because of Benedictine's strength in the Far East, it would be incomprehensible for someone who did not have a strong sales force in that region to make a counterbid for the liqueur company. Remy, like most cognac producers, is strongly implanted in the Far East.

Remy Martin is keen to take part on the part of the marketing of Benedictine in the US, where Mr Le Gland has recently signed a distribution agreement with Whitbread, as well as in the UK. Benedictine's traditional British distributor, Matthew Clark, is expected to be thrown off balance by the recent purchase of its other major client, the cognac group Martell, by Seagram.

Mr Francois Heriard-Dubreuil said: "The most important thing in our business nowadays is to have control of your sales network. If you do not control your sales force, your local agent in a company may end up working for another company and his brands can disappear, as may happen with Matthew Clark."

Martini's bid for Benedictine is subject to the approval of the French Finance Ministry, required for all foreign investments in France.



A team of volunteer rescuers in Petropolis remove the body of a victim of the floods which struck the Rio de Janeiro area of Brazil at the weekend. More than 100 people were reported killed

S Korean opposition party leader announces resignation

BY MAGGIE FORD IN SEOUL

MR KIM YOUNG SAM, leader of South Korea's largest opposition party, yesterday surprised his followers and the public by announcing his resignation as party leader.

In a move which he said was an attempt to unify the opposition parties before National Assembly elections due in the spring, Mr Kim said he was stepping down to try to alleviate people's mistrust of the opposition and politics in general. "I hope my decision will inspire new hope and courage in the people who are now in despair," he said.

Late yesterday a delegation of party leaders was trying to persuade Mr Kim to change his mind.

In the Presidential election last December, Mr Kim came second to Mr Roh Tae Woo of the ruling Democratic Justice Party.

Mr Roh's victory, with 37 per cent of the vote, was blamed on Mr Kim and his opposition rival, Mr Kim Dae Jung, because of their failure to present a single candidate.

Mr Kim Dae Jung declined to

Reunification Democratic Party would become the country's main opposition.

Observers pointed out, however, that Mr Kim could return to the post at any time, and that his close supporters remained in control of the party.

Last week Mr Kim Dae Jung substantially enlarged the breadth of support for his Party for Peace and Democracy when almost 100 new members were admitted from various democratic and dissident organisations.

The new members, who will also widen the narrowly focused regional base of the PPD in Mr Kim Dae Jung's home province of Cholla, are to have half the top party posts and a similar say in candidature selection for the spring elections.

The Seoul stock market gained 20 points on the news of Mr Kim's resignation. Investors apparently believed that the move would strengthen the opposition, which has been in the doldrums since the presidential poll.

Analysts were puzzled by Mr Kim's decision, which he seemed to have taken alone, after strong indications early this year that he believed his

signals were still "dif-

Senators back N-weapons upgrading

BY ROBERT MAUTHNER AND PETER RIDDELL IN LONDON

A GROUP of leading US Senators visiting Britain yesterday came out firmly in favour of the modernisation of short-range nuclear weapons in Europe, despite West Germany's desire to see them drastically reduced or eliminated.

However, Senator Sam Nunn, chairman of the influential Senate Armed Services Committee, said in London that Nato should take "West German sensitivities" into account and concentrate its efforts on where there was general agreement.

Mr Nunn's remarks were increased to 9 per cent last week.

The official Treasury line is that concerns in financial markets over inflationary pressures and the UK balance of payments have been exaggerated. A spokesman said the Treasury had been "surprised" by the turbulence in financial markets, and it now hoped for a calmer appraisal.

The signals were still "dif-

ferent and chemical weapons.

She said European countries deserved the right to modernise their own weapons.

There is to be a Nato summit of heads of Western governments next early month.

Mrs Thatcher stressed the UK view that there should be no further reduction in nuclear weapons in Europe unless, and until, agreement was reached with the Soviet Union on reductions in the imbalance in con-

ventional and chemical weapons.

She said European countries deserved the right to modernise their own weapons.

Mr Nunn, referring to the reported clash of opinion between Mr Frank Carlucci, the US Defence Secretary, and West German ministers at a defence conference in Munich last weekend, said he had not heard any Government advocate the demobilisation of Europe, as some reports had claimed.

Mr Nunn's remarks were increased to 9 per cent last week.

The unsettled climate created by the resurgence of labour unrest and the possibility of another rise in interest rates provided a reason for City institutions to do nothing except amass cash and put it into the money market, dealers said.

Dealers said money market yesterday signalled higher base rates: the key three month inter-bank rate was near to 9½ per cent by the close of trading.

The FTSE All-Share Index was down 48.9 points at 1,694.5 and the FT Ordinary Share Index finished 38.1

points lower at 1,349. It is difficult to read," but there was nothing to suggest that the gradual slowing in economic growth forecast in last November's Autumn Statement from the Treasury would not occur.

Dealers said money market yesterday signalled higher base rates: the key three month inter-bank rate was near to 9½ per cent by the close of trading.

There was heavy picketing at the Dagenham estate, east of London, which has five plants, and some picketing at Halewood on Merseyside.

Most white-collar workers reported for work. However, it is thought the white-collar unions may call a strike ballot.

The company's proposals for far-reaching changes to the role of foremen, outlined in its offer

tained at only the company's small components plant at Woolwich, which is due to close in six months with 180 redundancies.

Normal production was main-

Japanese give thanks for broken pins and needles

By Carlo Rapoport in Tokyo

MATRONS in mink coats and prosperous businesswomen rubid shoulders in tiny Budokan temple in the heart of Tokyo's fashionable Shinjuku shopping district yesterday to give thanks for broken pins and needles.

The news that a group of patriotic Flemish investors have a stake in Société Générale de Belgique large enough to block Mr De Benedetti's bid has taken

some of the heat out of today's court decision on the company's defensive share issue. Even if the judge decides – as seems increasingly likely – to prevent La Générale from securing its freedom at the cost of its small shareholders, the company seems likely to remain at least partly Belgian anyway.

The prospect may not reassess the company's management much as the Flemish investors seem happy to settle for a minority in a company that is effectively controlled by Mr De Benedetti. However, it may not come to that, even assuming the court does the decent thing. Suez and its supporters, which may own almost as many shares as the Flemish group, seem more genuinely friendly to La Générale's management. Yet as the court is also examining the building of the Suez stake, the group's friends may never be put to the test.

During the lunch hour, when most Tokyo office workers are rushing to sharp down a bowl of noodles, hundreds pour into the Shojin Temple in Shinjuku. Most are women, some in drab company uniforms, but most in splendid silk kimonos with mink or fox capes. Their pins and needles were laid gently in small drums while some were given pride of place in a special tomb made out of bean curd.

The bean curd, like the incense and prayers, had a special meaning. Mr Toraji Sawamura, 74-year-old owner of a kimono shop, said: "Needles are hard. So when they have completed their work they can enjoy the soft, yielding texture (bean curd) as their reward."

Workers in the kimono industry had the day off yesterday to take part in the ceremonies. Needles are the most important element of making a kimono, according to Mr Sawamura, who was wearing a lacquer helmet, a black kimono and a Rolex watch. "The silk comes from a department store and the finished product goes to the customer. We own the needles," he said. Mr Sawamura added that he used thousands of needles to make kiminos each year.

The kimono makers were probably putting in a prayer or two for their business as well. Mr Hikaru Ara, deputy governor of the Kimono Sewers' Association, said: "Our business has declined by 20 to 30 per cent over the past five or six years. A good kimono costs as much as Yen (about \$7,500) and takes more than a hour to put on: shops charge Yen 10,000 for dressing a customer in her own gown."

Sewing machines have yet to be introduced into the annual February Thanksgiving for pins and needles since most kiminos are still made by hand. It takes eight hours for a skilled sewer to make one kimono, once the cloth has been cut. Machines have been developed to do the work, but they cost as much as Yen – a sum beyond the reach of the typical kimono shop employing four to five people, according to Mr Ara.

If I used a sewing machine, I would bring it here to bless it when it was finished. But I think it will take a long time before people accept these machines," he said.

TV cameramen were on hand yesterday to record the events, which included a parade of trainee kimono sewers in their best sills. But the presence of the cameras prompted a grand finale from the temple's head priest: "Next year, we must simplify this ceremony. It's too showy. We should be thinking about the life of the needle itself."

Gorbachev sets Afghan date

Continued from Page 1

New Delhi today as part of what is believed to be a Soviet plan to involve India, its closest non-aligned ally, in the peace process.

However, Mr Gorbachev's announcement was criticised as a "retrograde step" last night by a senior official of the Pakistan Foreign Office in Islamabad.

Mr Gorbachev stressed that the withdrawal was "quite naturally linked with precluding interference in Afghanistan's internal affairs". Consideration could be given to involving the UN in ensuring that hostilities did not flare up after Soviet withdrawal, he added.

WE'LL MAKE THE GOING EASIER.

When you're setting up or operating a business abroad some unexpected hitch can crop up, no matter how experienced you are here. But if you've got an issuing bank like us behind you with all the German local know-how plus global contacts it's no problem. We can smooth out any little difficulty that occurs as we're totally at home business wise.

Norddeutsche Landesbank is one of the 10 largest banks in West Germany and one of the top hundred in the world. It is a public law credit institution owned by the Federal State of Lower Saxony and the Lower Saxonian Savings Banks. These owners guarantee all liabilities of the bank on a joint and several basis. Norddeutsche Landesbank is a world-

wide bank participating fully in all sectors of the domestic and international banking field. Our total group assets in 1986 came to 95.51 billion DM. With our branch in London and the subsidiary in Luxembourg we have two operating bases that enable us to look after business interests right on the spot.

NORD/LB
Georgstr 1
D-3000 Hanover 1
Phone 51/103-0
Telex 9246-20
NORD/LB
London Branch
13, Ironmonger Lane
London EC2V 8EY
L-140 Luxembourg
Phone 4521-04
Telex 884882

NORD/LB
NORDDEUTSCHE LANDES BANK
GROZENTRALE

Labour unrest unsettles UK markets

Continued from Page 1

points were still "dif-

ficult to read," but there was nothing to suggest that the gradual slowing in economic growth forecast in last November's Autumn Statement from the Treasury would not occur.

Dealers said money market yesterday signalled higher base rates: the key three month inter-bank rate was near to 9½ per cent by the close of trading.

There was heavy picketing at

the Dagenham estate, east of London, which has five plants, and some picketing at Halewood on Merseyside.

Most white-collar workers

reported for work. However, it is thought the white-collar unions may call a strike ballot.

The company's proposals for

far-reaching changes to the role of foremen, outlined in its offer

tained at only the company's small components plant at Woolwich, which is due to close in six months with 180 redundancies.

Normal production was main-

to the white-collar unions, dovetail with the package it has offered to the manual unions.

Mr Mick Murphy, the Transport and General Workers Union's national automotive officer, and the union's chief negotiator, said the unions were available for talks, but serious negotiations could only get underway if the company agreed to improve the rejected offer.

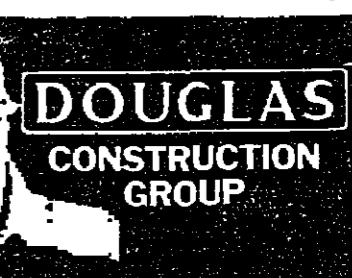
Mr John Hougham, the company's director of personnel, said: "It is a sad day for Ford, not only for the company but



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday February 9 1988



Wall St welcomes Dun & Bradstreet \$1.65bn purchase

BY JAMES BUCHAN IN NEW YORK

WALL STREET yesterday responded with approval to Dun & Bradstreet's \$1.65bn acquisition of IMS International which was valued at only \$100m by the stock market, reported net income of only \$44.6m on sales revenues of \$411.5m during the 12 months to last September. Dun & Bradstreet reported net income of \$393m on revenues of \$3.4bn in calendar 1987.

"It's an excellent deal," said Mr James Dougherty, an analyst for County Securities USA. Analysts said that Dun & Bradstreet was paying a high price for the acquisition but IMS International, which provides market research to drug companies, had a secure market niche and was growing fast.

"This is the only market-research supplier to a \$100bn industry," Mr Dougherty said yesterday. "It's an extraordinarily valuable franchise."

Dun & Bradstreet, which has strong positions in such businesses as credit information, media research, airline guides, Yellow Pages and market research, announced the deal late on Sunday. Dun & Bradstreet will buy each of IMS International's 41.7m shares with \$0.801 of one of its own shares.

Mr Charles Moritz, chairman of Dun & Bradstreet, said: "We have long admired IMS and have had informal discussions with its management going

back more than a decade." IMS, which five years ago was valued at only \$100m by the stock market, reported net income of only \$44.6m on sales revenues of \$411.5m during the 12 months to last September. Dun & Bradstreet reported net income of \$393m on revenues of \$3.4bn in calendar 1987.

The high price being paid in relation to IMS International's profits means that Dun & Bradstreet's own profits will fall by 7 to 8 per cent this year, said Mr Kevin Tunnech, an analyst at First Boston.

Dun & Bradstreet stock fell 53% to \$40.50 in early trading yesterday, apparently in expectation of its lower profits.

However, IMS International said that its net income in the past three years had grown at a compound rate of 26 per cent, which is much faster than Dun & Bradstreet's or the stock market average. "This will be a consistent 26 per cent grower," Mr Grunbeck said.

Analysts also said that the company faced little competition in its main businesses of providing pharmaceuticals companies with market share data on prescription drugs, analyses of doctors' prescriptions and hospital drug sales, journals and newsletters.

BNP bids for US bank

BY GEORGE GRAHAM IN PARIS

BANQUE NATIONALE de Paris, France's second-largest banking group, has launched a \$100m bid for WestAmerica Bancorp, a Californian retail bank.

The bid, through BNP's Californian subsidiary, Bank of the West, depends on the successful negotiation with WestAmerica's board of an agreement which would dismantle the bank's "poison pill" defence mechanisms put into place in December 1986 when it was fighting off a bid from Security Pacific, the second-largest West Coast

bank. Security Pacific still owns 4.8 per cent of the bank.

Bank of the West and WestAmerica rank 14th and 19th in size, respectively, among Californian banks. Once merged they would rank ninth.

BNP said yesterday in Paris that the two banks had similar activities and markets.

WestAmerica, listed on Nasdaq, suffered a sharp fall in earnings last year to 55 cents a share from \$1.66 a share in 1986, after making heavy provisions on its property portfolio.

UK CONGLOMERATE AGREES \$195M PRICE TAG FOR CALIFORNIA UNIT

Hanson sells Kaiser cement plant

BY NIKKI TAIT IN LONDON

HANSON, the large British industrial conglomerate, has agreed to sell its Lucerne Valley cement plant in southern California to Mitsubishi Mining and Cement, part of the Japanese group, for a total of \$195m. Mitsubishi is paying \$185m in cash and \$10m for stocks.

Hanson acquired the plant as part of the quoted Kaiser Cement, America's fifth largest cement producer and the biggest operator in California, last March. The total acquisition cost of Kaiser was around \$260m, but yesterday's deal - together with earlier disposals - means that the British group has now recouped well in excess of that sum.

Last March, shortly after completing the Kaiser purchase, Hanson sold on two Kaiser operations, Northwest Terri-

nals and Montana City Plant, for \$50.2m in cash. In August, it agreed to sell a 42.8 per cent interest in Indonesian cement manufacturer, P.T. Semen Cibinong, also to Mitsubishi for \$26m cash, and in October, Kaiser sold its San Antonio plant in Texas for \$15.5m.

The Indonesian deal is still awaiting government approval. Yesterday, however, Hanson said that, excluding that, and the proceeds from earlier disposals, now total \$285m. Including the Indonesian disposal, Hanson will have raised about \$290m.

The Lucerne Valley plant - which is capable of producing around 1.6m tonnes of cement a year and is said to have 15 per cent market share in California, Arizona and Nevada -

reported net sales of \$86.8m in fiscal 1987, and pre-tax profits of \$14.7m. Net assets at the year-end were put at about \$150m and stocks, at \$10m.

Mitsubishi said yesterday that it planned to take over the Cushingbury-based plant by April 1, and would set up a subsidiary in the US to produce and sell cement there.

The deal leaves Hanson with Kaiser's North California plant, near San Francisco, which has similar manufacturing capacity.

According to Hanson director,

Mr Martin Taylor, Kaiser's operations made a nine-months contribution of around \$20m (\$36m) to Hanson's 1987 figures - of which "something over half" came from the business which are being retained.

Hanson had no plans to dis-

pose of any further Kaiser interests, and had not received any offers for the remaining Californian plant.

Yesterday's news comes in the wake of weekend speculation about disposals elsewhere in the Hanson empire - specifically, its Ross Young frozen foods business, which was bought as part of Imperial Group in 1986, and the Weber Inc. aircraft division within Kidde Inc., a New Jersey-based conglomerate which Hanson acquired in November.

Yesterday, Hanson declined to comment on the rumours - as did United Biscuits, the UK food group which made a rival bid for Imperial and which has moved into the front-runner for the Young business. Hanson shares fell 3½% to 126p, while UB lost 9½p to 268p.

LTV stages turnaround to \$141m

By Our New York Staff

LTV, the bankrupt industrial conglomerate which includes the second-biggest US steelmaking company, made a net profit of \$141m, or \$1.17 a share, in the last quarter, against a year-earlier loss of \$470m.

The earlier loss included \$600m of charges related to the company's Chapter 11 bankruptcy filing, which occurred in the third quarter of 1986. For 1987 as a whole, LTV made net profits of \$503m or \$4.24 a share, against the net loss of \$3.27bn sustained in 1986.

The 1986 loss included \$2.23bn of special charges. While LTV clearly benefited from a turnaround in the US steel business, which accounted for 60 per cent of revenues in 1987, much of the improvement in its results comes from the benefits of Chapter 11 bankruptcy. LTV's results do not include most of the interest liabilities on its \$6bn of accumulated debt.

Murdoch in warning to NY Post unions

BY ANATOLE KALETSKY IN NEW YORK

MR RUPERT MURDOCH, the international media magnate, told union leaders at the New York Post yesterday he would close the paper unless they agreed to a 12 per cent pay cut so that he could sell the newspaper to Mr Peter Kalikow, a wealthy property developer.

Mr Murdoch also wants the loss of 77 jobs, aimed at production savings of \$24m over three years.

Mr Kalikow agreed to pay \$27m for the loss-making tabloid newspaper, but union leaders were dismayed to discover that there were no guarantees in the sale contract about continuing publication of the Post - America's oldest continuously published daily newspaper.

A official said that, while Mr Murdoch had initially hoped to obtain a written commitment to at least

three years of publication, there had been no buyer willing to give stronger assurances than Mr Kalikow about the Post's future.

Mr Kalikow did agree to underwrite the pension and severance liabilities which the Post would face in the event of closure.

Mr Murdoch estimated these at about \$30m, implying that Mr Kalikow would have a strong financial incentive to keep the Post going. The employment liabilities appear to represent the biggest part of the financial risk for Mr Kalikow.

The sale price is almost entirely covered by the value of the paper's downtown Manhattan property, which was estimated in the sales prospectus at \$35m.

Mr Kalikow said he sincerely wanted to keep the Post publishing, but the paper was "close to the edge."

CanPac doubles earnings

By David Owen in Toronto

CANADIAN PACIFIC, the country's largest conglomerate, more than doubled its fourth-quarter operating earnings to \$619.9m (US\$157.9m) or 66 cents a share from \$39.2m or 30 cents a year earlier.

However, figures for the latest period exclude special charges of \$61.6m related to a writedown by majority-held AMCA International and a provision for a loss on the future disposal of three hotels in West Germany.

This reduced the CanPac group's final net income to \$63.5m or 11 cents a share, compared with \$19.4m or 65 cents in 1986.

The previous year's figure includes special gains of \$10.2m.

For the year as a whole, operating earnings climbed to \$63.6m or \$52.12 a share, from \$15.0m or 50 cents in 1986.

Revenues were not disclosed.

Senior managers make \$700m offer for J.P. Stevens

BY RODERICK ORAM IN NEW YORK

J.P. STEVENS, a leading US textiles producer famous for its hostility to unions, has received a leveraged buyout offer worth \$700m from a group of senior managers, marking a further consolidation of the industry.

The group, led by Mr Whitney Stevens, chairman, is offering \$38 a share and junior debentures worth \$55 for each Stevens share. Its stock jumped 6½% to \$44.4% indicating that Wall Street is expecting the group to benefit from sharply lower prices of cotton and other raw materials.

In recent years, Stevens has sold off much of its clothing textile operations while pushing further into home textiles. It bought, for example, the domestic textiles division of Burlington Industries in 1985 for \$103m. Burlington was subsequently taken private by its senior officers and Morgan Stanley in a heavily geared buyout last year.

Stevens, which earned net profits of \$56m on sales of \$1.6bn in the fiscal year ended last October, produces a wide range of "bed and bath" products, in addition to carpets, car interiors, fabrics and other textiles.

The management buyout proposal includes an employee stock-ownership plan to allow salaried and non-union hourly employees to participate in the ownership of the group.

Polysar fends off Nova

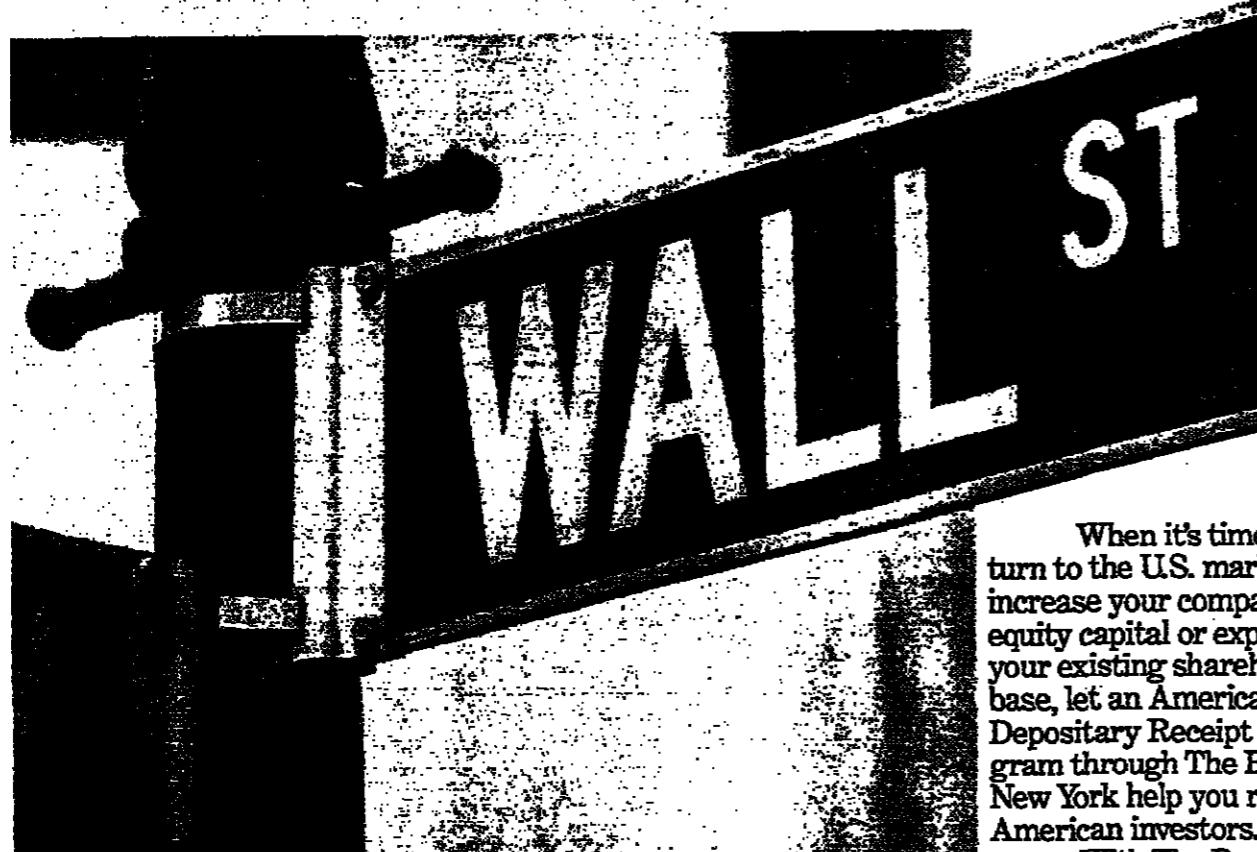
BY ROBERT GIBBONS IN MONTREAL

MR BERNARD ISAUTIER, French-born president of Polysar Energy & Chemical, is fighting to thwart the efforts of Nova, a large western Canadian energy and petrochemicals group, from taking his company over.

Nova recently acquired polyethylene assets in Ontario and plans primary and secondary petrochemicals expansion in western Canada.

Acquiring Polysar would increase its petrochemicals base in Ontario and add Polysar's oil and gas subsidiary Canterra Energy, a large gas producer which last year reduced its heavy debt.

ADRs through The Bank of New York can move you closer to American investors.



When it's time to turn to the U.S. markets to increase your company's equity capital or expand your existing shareholder base, let an American Depository Receipt program through The Bank of New York help you reach American investors.

With The Bank of New York you have the security of knowing that your ADR facility is being managed by a leading stock transfer bank and one of the largest U.S. securities processors. That translates into state-of-the-art computer and record-keeping systems and the effective management of shareholder relations. We can even act as your exchange and tender agent if you are involved in a merger or acquisition.

But technology is only one of the reasons that non-U.S. companies rely on The Bank of New York to act as depositary for their ADR programs. Flexibility, innovation, and personal attention are the others.

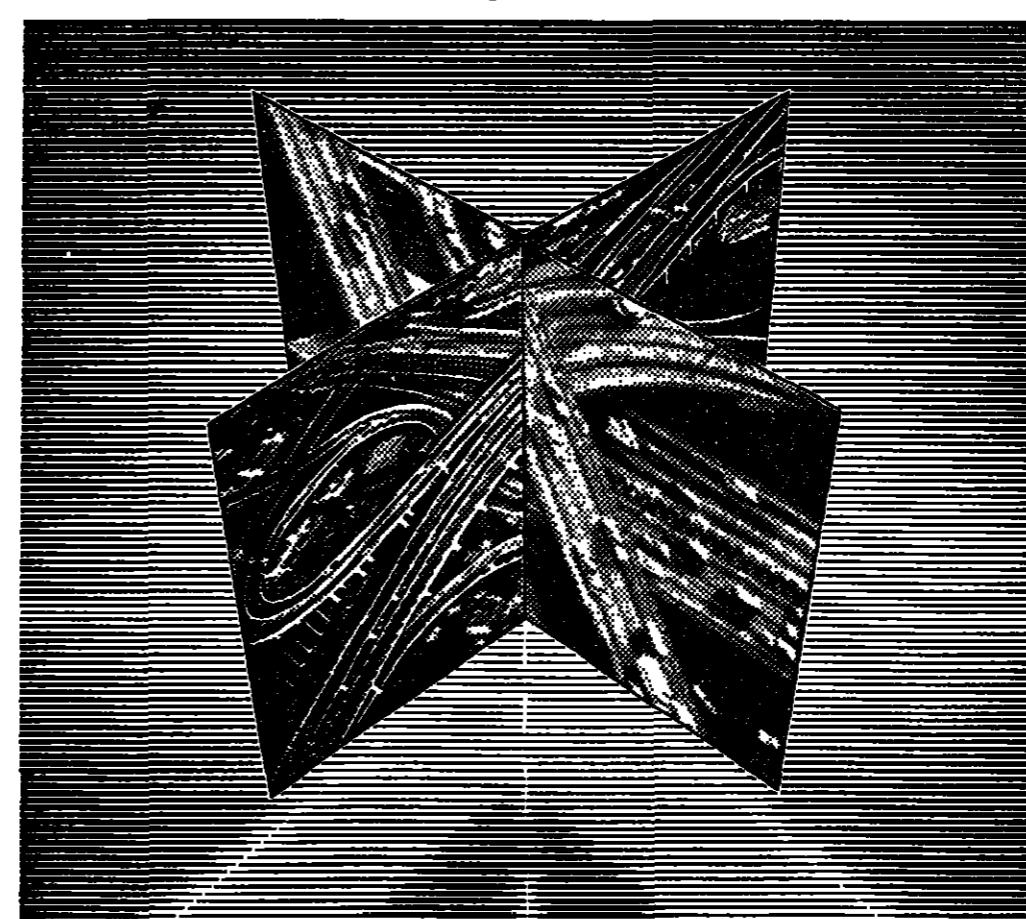
We can tailor our sophisticated operations to meet your company's individual needs. We maintain a specialized ADR department, and a dedicated staff with the experience to consult with you on all aspects of your ADR program.

For more information on how our ADR services can help you reach American investors, call Mr. Fred Graef in London at (01) 626-2555, or Mr. Joseph Velli in New York at (212) 530-2321, or Mr. Gary Peck in Melbourne at (03) 6542777.

© 1987 The Bank of New York. Member FDIC.

THE
BANK OF
NEW
YORK

Trade Finance and the Deutsche Bank Group. Experience that gets the job done.



It calls for in-depth understanding of local customs and laws. It requires detailed knowledge of tax advantages, and the careful identification of potential costs. Finally, it demands a bank with expertise, experience and financial strength.

The Deutsche Bank Group is a world leader in trade finance. Clients worldwide rely on our years of

experience in financing a large portion of Germany's foreign trade to get the job done.

For international trade finance - as well as other commercial and investment banking services - consider using the experience of one of the world's leading banks.

Contact the Deutsche Bank Group office nearest you.

Deutsche Bank



Deutsche Bank AG
Head Office
Tauschmühle 12, PO Box 100601
6000 Frankfurt am Main 1
Tel.: (061) 7150-0

Deutsche Bank AG
London Branch
6 Bishopsgate, PO Box 441
London EC2P 2AT
Tel.: (01) 283 4600

Deutsche Bank AG
New York Branch
9 West 57th Street
New York, NY 10019-2799
Tel.: (212) 940-8000

Deutsche Bank AG
Tokyo Branch
ARK Men Building 23 F
12-32, Akasaka 1-chome, Minato-ku
Tokyo 107, Tel.: (3) 588-1971

INTERNATIONAL COMPANIES AND FINANCE

ARE YOU
AN INSTITUTIONAL SALESPERSON
MOTIVATED BY GREAT RESEARCH?

James Capel, Europe's premier research broker and Sanford C. Bernstein & Co., Inc. one of America's leading equity research houses have joined forces to market Bernstein research on U.S. equities worldwide.

BERNSTEIN/JAMES CAPEL
WANTS YOU IF YOU ARE
A SUCCESSFUL INSTITUTIONAL SALESPERSON

Would you like:

To sell some of the world's best research on U.S. equities - not just research but research that has made money for clients, a complete product including company and industry studies, economic forecasts and investment strategies with a documented track record - to a wide-open account base covering the U.K. and Europe?

To be an important part of a new venture that's well financed, successful and growing fast?

To earn a salary and bonus in line with the best in this competitive business?

Write in confidence or call:

BERNSTEIN/JAMES CAPEL

Michel Hanigan
James Capel & Co., 6 Bevis Marks, London EC3,
Telephone 01-929 0541

These Securities have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to U.S. Persons as part of the distribution. This announcement appears as a matter of record only.

Far West Capital Corp.

(Incorporated with limited liability in the Cayman Islands)

Up to U.S. \$125,000,000
Collateralized Floating Rate Notes Due 1993
of which U.S. \$75,000,000 is the Initial Tranche

Drexel Burnham Lambert International Limited
Sumitomo Trust International Limited

January 1988

Gervais
Danone
Dan'up
Taillefine
Panzani
Amora
Liebig
Maille
Blédina
Gallia
Cracottes

Materne
Vandamme
Pie Qui Chante
Lu
L'Alsacienne
Heudebert
Kronenbourg
Kanterbräu
Evian
Badoit
Pommery
Lanson

1987 CONSOLIDATED TURNOVER
The BSN Group recorded consolidated sales of 37.2 billion French francs for the year 1987 compared with 33.6 billion French francs for the year 1986.

The breakdown of consolidated sales by division is as follows:

(in millions of French francs)	1987	1986
Dairy Products	8,756	8,902
Grocery Products	8,826	7,485
Biscuits	6,262	4,233
Beer	5,577	5,478
Champagne, Mineral Water	2,975	2,655
Containers	4,826	4,812
Intra-Group Sales	38,102	34,876
Total Group	111,006	105,823
	37,156	33,823

In 1986 consolidated sales recorded by the Générale Biscuit group (i.e. 8.2 billion French francs) were included up to 65.5% in the Biscuits Division, given the terms of its acquisition.

In addition, year-to-year comparison is affected by the consolidation in 1987 in the Grocery Products Division of the German company Sonnen-Bassermann of the Italian pasta companies Gigi, Manivano and Tomadini and of the French company Sidi.

Finally we precise that the sales recorded by the Italian group Sancarmini (mineral waters) and by the company Danone Espagne, in which BSN acquired a holding in 1987, were not included in the consolidated sales of the Group since both companies are accounted for by equity method.

On a comparable basis and with unchanged exchange rates, the evolution by division is as follows:

	1987	1986
Dairy Products	0.5%	0.5%
Grocery Products	3.8%	5.7%
Biscuits	5.7%	1.7%
Beer	13.6%	0.5%
Champagne, Mineral Water	2.9%	
Containers		
Total Group		

BSN
GROUPE

FRANCE'S LEADING FOOD AND BEVERAGE GROUP

Asko integration policy faces stern test

Haig Simonian on lurking problems for the fast-growing West German discount store retailer



Helmut Wagner: Asko "just a poor discounter"

EVEN THE brightest analysts often find it hard to puzzle out Asko, West Germany's fast-growing discount retailing chain, which has more than doubled sales to about DM10.1bn (\$5.93bn) for 1987.

In the past 16 years the group has grown from a small regional co-operative into one of the country's biggest retailers, piling on acquisitions almost as quickly as customers were snapping up cut-price goods off its shelves.

Its latest deal is to increase its shareholding in Massa, a rival discount store chain with sales in 1986 of DM3.3bn, from 24.9 per cent to 49.9 per cent. Late last week the West German Cartel Office indicated it would give the green light to the plan.

But for all its recent signs of success, and the company has

cally number one," according to Mr Helmut Wagner, chief executive of Asko.

Meanwhile, Praktiker, in conjunction with Extra, the DIY store bought on board when Asko took majority control of the Schaper group in January 1987, is Germany's biggest DIY chain.

In food retailing, Asko is less prominent. Basar is Germany's eighth largest food retailer after concerns like Aldi and the Co-op.

But after its breathtaking growth Asko may now be facing an increasingly uphill task.

In the short term, it has to sort out its relationship with Massa. More serious in the longer term, however, is the question of whether it has the quality and depth of management required to run a company of its present size.

Asko's biggest acquisition came early last year, with the takeover of Schaper. This virtually doubled its turnover and catapulted it into the number two slot in German retailing, narrowly ahead of the Kaufhof department store chain.

It has also expanded abroad, notably in the US, where it owns 40 per cent of the Furr's retail group in Texas and New Mexico. Last August, Furr's consolidated its coverage by buying the 59-store El Paso division of Safeway.

However, it is the Massa deal which is clearly closest to Mr Wagner's heart at present, perhaps partly for symbolic reasons.

Asko is "just a poor discounter" compared with a "huge pioneer" like Massa, he says puckishly. Over the years,

coffee, paint, or even prefabricated houses - of which it sells between 600 and 1,000 a year.

However, domestic problems are the main constraint to Asko's expansion. The link with Massa provides a good geographical fit, but the group remains weak in economically-thriving southern Germany.

Building more hypermarkets will be virtually impossible under present zoning laws, which require special permission for any unit of above 1,200 sq m.

Authorisation comes more easily for specialty non-food stores like Adler or Praktiker, notes Mr Wagner, but it is a struggle for a food retailer like Basar, or a group like Massa, whose hypermarkets cover an average 25,000 sq m.

New developments face opposition not only from environmentalists but also from established retail groups, or their village corner shops, or city-centre department stores.

Department stores are clearly a sore point for a discounter like Mr Wagner. The two companies involved have been engaged in bitter rivalry as in-town stores have seen business slip away to the discounters.

Mr Wagner says: "There is a world of difference in mentality between the princes of in-town department stores and the Robin Hoods in the green fields." Discounters like Asko "take away from the rich department stores and give to the poor consumers."

Moreover, the two groups are now at odds over extending Germany's archaic shop opening hours, which most city-centre stores oppose. Mr Wagner, who are undoubtedly many good managers in Basar, for example, who know the German food market inside out and can negotiate expertly with fresh milk product manufacturers or fruit importers. Likewise in Asko's other subsidiaries.

What is abundantly clear, however, and certainly more worrying, is whether the company has developed the fast depth of talent it now needs at the top beyond the ebullient Mr Wagner.

Audet were suspended yesterday by the Amsterdam bourse pending the outcome of the emergency court case.

Both publishers said in a statement they would clarify their position after the court ruling, but added their boards "see no reason to amend the conditions of the public offer." The offer is 2.5 new VNU stock and Fl 100 cash for each Audet share.

Audet's regional newspapers represent 9.8 per cent of total Dutch daily newspaper circulation.

Sea-Land in container venture

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SEA-LAND, the US shipping line, yesterday announced plans to operate on the Atlantic the world's 12 biggest containerships, in partnership with P & O Containers of the UK and Nedlloyd of the Netherlands.

Sea-Land, part of the CSX Corporation, acquired the ships from Econ Associates, a group of creditors of US Lines, for just over \$160m.

The ships cost \$570m three years ago when they were bought by US Lines, part of Michel's Industries, for a round-the-world service which went disastrously wrong.

Most of the ships were bought by Econ Associates at auction, after US Lines went into Chapter 11 bankruptcy protection in November 1986.

The Sea-Land deal requires approval from the Federal Maritime Commission, but this is expected to be a formality since the ships will continue to be

owned and registered in the US. The insistence of the US regulatory authorities that the ships should remain US-controlled prevented several earlier attempts to dispose of the ships, including an attempt by US Lines to sell them back to Daewoo, the South Korean shipbuilder.

The Sea-Land deal provides for three ships to sail in the colours of P & O's Trans Freight Lines subsidiary, and two in the Nedlloyd livery. But the ships will be operated by Sea-Land, which will meet all its port calls.

The two European companies said they would charter capacity on the ships roughly in proportion to their existing market share. P & O is expected to take about 24 per cent of container slots, and Nedlloyd 17 per cent.

The ships are each capable of carrying 4,458 TEU (20ft

equivalent units) but are to be modified before entering service to reduce capacity to 3,400 TEU.

This will reduce the draft of the vessels and increase their cruising speed, while reducing the increase in overall capacity on the North Atlantic.

P & O said the increase in capacity was expected to be about 4 per cent after existing tonnage operated by the three companies was removed.

Analysts believe even this small increase could depress rates, which have been under pressure on the Atlantic in recent weeks as a result of improvements in the service operated by Maersk, the big Danish operator.

However, the deal will give all three companies a cheap and efficient service which should enable them to ride out the effects of falling rates.

Turkish privatisation to begin with Teletas sale

BY JIM BODGENDER IN ANKARA

THE TURKISH Government will take the first big step in its long-planned privatisation of state enterprises with the flotation of Teletas, the telecommunications equipment maker, on February 29.

Minority government shares in private sector companies have been trickling through the revamped Istanbul Stock Exchange since last August.

An exchange official said: "Those were just a test. They were not anything of significance."

The Teletas issue will be about 3m shares, 25 per cent of the company. The Government's remaining 18 per cent shareholding will be sold directly to companies and institutions at a later date.

The other main shareholder is

the French Alcatel group, while Turkish companies and institutions hold smaller amounts.

Because of the relatively small number of private sector shareholders, the shares have not, until now, been traded on the stock market.

Teletas workers will be offered 10 per cent of the issue and a small amount, about TL2bn (\$1.79m) worth, will be offered to Turkish expatriate workers.

The flotation will be used to size up the interest in privatised issues and the amount of money available for them.

The first fully-fledged state economic enterprise being considered for privatisation are Sunbank, the textiles agency, and Pekim, the petrochemicals company.

Audet shareholder group fights VNU's agreed bid

BY OUR FINANCIAL STAFF

A GROUP of shareholders holding a stake of about 26 per cent in Audet, the Dutch publisher, is opposing the Fl 260m (\$136.8m) agreed bid for the company from VNU, the biggest publisher in the Netherlands.

The group, which includes two Dutch regional newspapers - Nieuwsblad van het Noorden and Gooi-en Eemlander - and two unidentified US investors, is seeking an emergency court injunction. It held certificates representing some 260,000 of Audet's 1m issued shares, a court spokesman said.

Shares in both VNU and

Klegrand

Interim dividend and expansion in the United States

The board of Directors has decided to declare an interim dividend of FRF 17.00 per ordinary share, and FRF 27.20 per preferred share, payable as from February 1, 1988.

The Special Shareholders Meeting of Slater Electric has recently officially ratified the sale to Pass & Seymour of its industrial assets and business activity.

This operation practically doubles the Legrand Group's sales in the United States (*), and will also add a range of residential wiring devices to its existing range of devices for industry and the commercial sector.

Consolidated Group sales were up approximately 9.3% in 1987 with no impact from Slater acquisition.

(* 1987 sales: Pass & Seymour, US \$57 million; Slater, US \$49 million.

PAN HOLDING SOCIETE ANONYME LUXEMBOURG
As of January 31, 1988, the unconsolidated net asset value was US\$ 277,408,043.65, i.e. US\$ 396.30 per share of US\$ 50 par value.
The consolidated net asset value per share amounted as of January 31, 1988, to US\$ 423.31

Halifax Building Society
Floating Rate Loan Notes 1994
For the three month period from 8 February, 1988 to 9 May, 1988 the Notes will bear interest at the rate of 9.60 per cent per annum.
The Coupon amounts will be £119.14 per £5,000 Note and £119.14 per £50,000 Note, payable on 9 May, 1988.
Morgan Grenfell & Co. Limited
Agent Bank

Grindlays Eurofinance B.V. U.S.\$100,000,000

Guaranteed Floating Rate Notes 1994

Guaranteed on a subordinated basis by

Grindlays Bank p.l.c.

INTL. COMPANIES AND FINANCE

Chris Sherwell on the troubles of an Australian media group

Fairfax future far from settled

WHEN 26-year-old Mr Warwick Fairfax embarked on his move last August to secure personal control of his family's famous media company, he could not have imagined the setbacks he would face on the way. Had he done so, he might never have contemplated the task.

Though he has achieved his principal goal - John Fairfax is no longer listed on the Australian Stock Exchange - the company right now is neither what it was, nor what it was intended to be. Worse, its future is far from settled.

Over the months, Mr Fairfax has called off a planned public flotation of some of the group's interests, agreed under pressure to make major asset disposals, and then been obliged to alter or cancel them.

In the process the group has become involved in battles with bank creditors, changed its financial and legal advisers, dismissed key management personnel, and antagonised its journalists that production has twice suffered expensive disruptions.

This is a far cry from the beginning of last year, when John Fairfax was by any standards a remarkable company. Its flagships were the Sydney Morning Herald and the Melbourne Age, both money-spinners and the country's two best quality dailies.

It also owned the Australian Financial Review, a national daily, the Sydney Sun afternoon tabloid, the Times on Sunday, weekly, the New Zealand National Business Review, a clutch of suburban newspapers and weekly and monthly magazines, and the Spectator in the UK.

In broadcasting it had the successful Macquarie radio network and the Channel Seven television stations in Sydney and Brisbane. All of these outlets enjoyed a reputation for independence - it was the Fairfax hallmark.

Behind the success, however, was a weak spot - a lack of managerial sharpness bordering

on complacency. It was exposed when the Government announced its change in media ownership rules at the end of November 1986.

The group was caught flat-footed as Mr Rupert Murdoch and Mr Robert Holmes à Court battled for the rival Herald and Weekly Times group and as the other major television networks changed hands for improbable sums.

Fairfax failed to pick up any

whole move unless they were dealt into the game.

The second was the state of the stock market, which was nearing its peak and had become more overheated than most other world markets.

When the manoeuvring stopped, Mr Fairfax had to lift his offer from A\$7.50 a share to A\$8.50, which valued the company at an expensive A\$2.55bn, and to sell an extraordinary range of assets

been concluded, but not in its original form. His Australian Consolidated Press did not take all the magazines originally specified, a change prompting redundancies at Fairfax.

The deal with Mr Holmes à Court collapsed ignominiously last week.

As for the Murdoch transaction, his news agency share purchase was stymied last month by the Trade Practices Commission, the country's trust authority, and the rest of the deal remains unsettled. Only the sale to Mr John Fairfax looks intact, but even that is not yet concluded.

In the meantime, Fairfax has had to keep at bay Westpac Bank, National Australia Bank and other creditors. Apparently unknown to Tryart, the two big banks had a prior claim to A\$300m of a A\$430m instalment for the Channel Seven network purchase.

Last week Tryart secured a A\$500m facility from Citibank to repay the banks. With payments from Channel Seven and Mr Packer sitting in escrow, it has thus secured a breathing space to resume negotiations on asset disposals.

Interested parties include Pearson, owner of the Financial Times, which was a prospective partner with Mr Holmes à Court if his deal had gone through, and Mr Robert Maxwell, who owns the UK's Mirror Group.

One possibility being mooted in Fairfax's Sydney headquarters at the weekend was that up to half the company be sold to a new business partner. If that happens, it will call into question the original purpose of taking the group private.

With the outcome so uncertain, it is no surprise that Fairfax's troubles have provoked much wringing of hands and shaking of heads. It is probably the worst deal of the past year, none of it really seemed necessary and at the moment, everyone looks like a loser.

For A\$250m, Mr Packer bought the Canberra Times newspaper and a large batch of magazines to add to his existing stable. Mr John Fairfax agreed to pay some of A\$7.50m for some units of a radio network and a radio station.

When the share price came, the dismantling went further. The public flotation was called off and in its place Fairfax agreed to sell its remaining stakes in Australian Newsprint Mills and Australian Associated Press to Mr Murdoch for A\$275m.

What has since made all these transactions extraordinary, however, is the fact that none has gone through as planned.

The deal with Mr Packer has

Nissei assets reach \$113.5bn

BY STEPHEN FIDLER IN TOKYO

NIPPON LIFE of Japan has displaced Prudential Insurance of the US as the largest life insurance company in the world measured in terms of assets, according to figures published by the Japanese company.

The group, already the largest in terms of new business, total insurance contracts and premium income, said its assets had risen by the end of September to \$113.5bn. This compares with Prudential's total assets of around \$103bn.

The development provides further evidence of the huge financial muscle now being wielded by Japanese financial institutions.

The balance sheet of the company, known in Japan as Nissei, has grown both because of a year's appreciation against the dollar and because of a shift by Japan's increasingly affluent savers into life assurance.

The calculation was made at a rate of Y143.65 to the dollar. Since then, appreciation of the yen will have further swollen

Nissei's balance sheet in dollar terms, although this was accompanied by the October collapse in world equities.

Nissei, whose assets passed the \$100bn mark last year, is the largest insurance company in the world founded in 1889 as a limited company, changing its ownership structure to become mutually owned in 1947. It is half as large again as Dai-Ichi Mutual Life, which ranks second in Japan.

In March last year, Nissei paid \$690m to take a 13 per cent stake in Shearson Lehman Brothers, the US-based securities firm.

Like all Japanese insurance companies, the collapse of the dollar has forced Nissei to take significant write-offs on its holdings of dollar-denominated securities, mainly US Treasury bonds.

A measure of the companies' influence as international investors can be gauged from the interest shown in their participation in last week's US

Ashton Mining portfolio half book value

By Our Financial Staff

ASHTON MINING, the Australian diamond producer, disclosed yesterday that the market value of its securities investments by the end of 1987 was more than halved from the level at which the company was carrying them in its books.

The statement by Ashton was

to act cautiously with respect to US dollar assets, because of the sharp drop in the dollar following the stock market collapse.

About half the company's foreign assets were held in dollars, nearly half of which is hedged to prevent foreign currency losses.

However, the company would not be able to stop investment abroad, which now accounts for 20 per cent of its investment portfolio. "Basically, we have too much liquidity domestically and in that context we cannot stop our investment abroad. But as far as the dollar is concerned, we will have to be quite careful for the time being."

CMI suffers downturn in sales and profits

BY JIM JONES IN JOHANNESBURG

CONSOLIDATED Metallurgical Industries (CMI), the South African ferro-chrome mining group, suffered turnover and profit declines in the six months to December but expects an improvement in the half-year.

Interim turnover dropped to R55.7m (\$27.7m) from R67.5m and pre-tax profit was R17.5m against R26.2m.

Henceforth and until notice to the Company, the Corporate Trust Office of the Agent is 30 West Broadway, New York, New York 10013.

COMMERCIAL CREDIT COMPANY
February 9, 1988

SHARE TRADING in Cumberland Credit, a cash-rich Australian company, has been allowed to resume after the National Companies and Securities Commission (NCSC) called on the transport group to give the market clarity on complex changes in shareholdings. Result reports from Melbourne.

The NCSC last week froze the purchase or sale of Cumberland

shares by Mr Larry Adler's FAI Insurances.

FAI, which sponsored Cumberland's flotation last year, last month sold its 19.75 per cent stake to Coronet Equities of New Zealand for some A\$40m (\$US28.5m). TNT, the transport group, then launched a A\$170m bid for Cumberland. FAI said its 26 per cent stake unvelled last week was largely the parcel sold to Coronet.

It gave the market value of its investments as A\$107.8m against a book value of A\$104.6m.

4 1/4% Convertible Subordinated Debentures due 1988
of
UNISYS CORPORATION
(successor to SPERRY RAND CORPORATION)

(Sperry Rand Corporation changed its name to Sperry Corporation August 1, 1979, and Sperry Corporation merged with and into Burroughs Corporation November 12, 1986, and Burroughs Corporation subsequently changed its name to Unisys Corporation November 13, 1986.)

THIS NOTICE IS ISSUED in compliance with the requirements of the Council of The Stock Exchange, London, and to the extent as of February 15, 1988 (the "Indenture"), among Sperry Rand Corporation, a Delaware corporation ("Sperry"), and Chemical Bank, a New York corporation, as Trustee ("Trustee"), and the Supplemental Indenture, dated as of November 12, 1986 (the "Supplemental Indenture"), among Unisys, The Thurnau and Barron Corporation, a New Jersey corporation ("Unisys"), and Chemical Bank, as Trustee, dated as of November 12, 1986 (the "Supplemental Indenture"). The Debentures are issued by Sperry under the Indenture and assumed by Unisys under the Supplemental Indenture. Please be advised that the Debentures will mature February 15, 1988 in accordance with the terms and conditions of the Indenture and Supplemental Indenture. The Debentures may be presented for payment prior to maturity at the office of the Trustee in New York City, or at the main offices of the Amsterdamer-Rosenstein Bank K.V. at Amsterdam, or at the main office of Banque Generale de Luxembourg S.A. at Luxembourg, or at the main office of Banque Nationale du Luxembourg in Luxembourg.

U.S. \$250,000,000



Crédit Lyonnais

Subordinated Floating Rate Notes Due August 1997

Interest Rate
7 1/4% per annum
Interest Period
8th February 1988
Interest Amount per U.S. \$1,000 Note due
8th May 1988
U.S. \$180.10

Credit Suisse First Boston Limited
Reference Agent

New Issue
February 8, 1988

This advertisement appears as a matter of record only.

Nippon Telegraph and Telephone Corporation (NTT) Tokyo, Japan

DM 300,000,000
6 1/4% Deutsche Mark Bonds of 1988/1998

Offering Price: 100 1/4%
Interest: 6 1/4% p.a., payable on February 8 of each year
Repayment: February 8, 1998 at par
Listing: Frankfurt am Main



Deutsche Bank
Aktiengesellschaft

Yamaichi International
(Deutschland) GmbH

Fuji International Finance
Limited

Bank of Tokyo (Deutschland)
Aktiengesellschaft

Banque Paribas Capital
Markets GmbH

Commerzbank
Aktiengesellschaft

CSFB-Effectenbank

Daiwa Europe
(Deutschland) GmbH

Dresdner Bank
Aktiengesellschaft

Industriebank von Japan
(Deutschland)

J.P. Morgan GmbH

The Nikko Securities Co.
(Deutschland) GmbH

Schweizerische Bankgesellschaft
(Deutschland) AG

Schweizerischer Bankverein
(Deutschland) AG

Westdeutsche Landesbank
Girozentrale

Algemene Bank Nederland N.V.

Baden Württembergische Bank
Aktiengesellschaft

Julius Baer International
Limited

Sanpa del Gottardo

Bank für Gemeinwirtschaft
Aktiengesellschaft

Baring Brothers & Co.
Limited

Bayerische Hypotheken- und Wechsel-Bank
Aktiengesellschaft

Bayerische Landesbank
Girozentrale

Bayerische Vereinsbank
Aktiengesellschaft

Berliner Bank
Aktiengesellschaft

BNP S.A. & Co.
(Deutschland) OHG

Deutsche Girozentrale
- Deutsche Kommunalbank -

Credit Commercial de France

Deutsche Bank Capital Markets
(Asia) Limited

EBC Amro Bank
Limited

DG BANK

KDB International (Singapore) Ltd.

LTCB International
Limited

Deutsche Genossenschaftsbank

Morgan Stanley GmbH

Julius Baer International
Limited

Generale Bank

Nomura Europe GmbH

Baring Brothers & Co.
Limited

Kleinwort Benson
Limited

Sal. Oppenheim jr. & Cie.

Bayerische Vereinsbank
Aktiengesellschaft

Landesbank Rheinland-Pfalz
- Girozentrale -

Sumitomo Trust International
Limited

Société Générale - Elässische Bank & Co.
Tokai International Limited

Merck, Finck & Co.

Vereins- und Westbank
Aktiengesellschaft

M. M. Warburg-Brinckmann, Wirtz & Co.

S. G. Warburg Securities

Westpac Banking Corporation

Yasuda Trust Europe Limited

INVESTMENTS IN GERMANY

As more and more institutional investors adopt multicurrency strategies to reduce portfolio volatility and improve total returns, West Germany is attracting increased attention as fertile ground for investment opportunity.

The German economy - in particular its corporations - features an impressive degree of stability and resilience, continued leadership at the forefront of advanced technology, and an uncompromising commitment to product and service quality.

Hypo-Bank - Germany's oldest publicly-quoted bank - offers direct access to the expanding potential of this lucrative market. The Bank's expert teams of researchers, securities analysts, economists and portfolio managers pool their long experience and market knowhow to provide our clients with the finest in performance-oriented investment decision-making.

To find out how you too can profit now from the investment opportunities in Germany, just contact one of our two specialized teams of professionals in Munich:

INSTITUTIONAL
INVESTMENT SERVICES

PETER STRUBREITER

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Japanese plan more Swiss bonds

BY WILLIAM DULLFORCE IN ZURICH

JAPANESE banks plan to introduce more small, unlisted companies to the Swiss franc bond market, according to Mr Koji Takahashi, senior managing director of Dai-Ichi Kangyo Bank.

Describing this as a new trend for Japanese borrowers on the Swiss market, Mr Takahashi said there had already been an increase in private placements in amounts ranging from SF10m to SF20m for Japanese companies that had not previously issued corporate bonds even on their home market.

Some issues have been lead-managed by the Swiss subsidiaries of Dai-Ichi Kangyo, the Long-Term Credit Bank of Japan and the Industrial Bank of Japan.

Saab-Scania awards \$350m mandate

By Alexander Nicoll

SAAB-SCANIA, the Swedish car and aerospace group, has awarded a long-awaited mandate to Bankers Trust for a \$350m multiple-option facility.

The keenly-priced deal incorporates two annual facility fees: on the 40 per cent of the deal deemed to be "available," the fee is 6.25 basis points; on the 60 per cent deemed "unavailable," the fee is 3.125 basis points.

Put together, the facility fee works out to 4.375 basis points. Borrowers employing this structure must give prior notice of drawing "unavailable" amounts.

The interest margin is 5 basis points over London interbank offered rates, with a utilisation fee of 6.25 basis points on all drawings if they exceed \$175m.

Kellogg, the US cereals group, has mandated Bank of Montreal Capital Markets for a \$200m facility, with a five-year life extendable for another five, a 5 basis point facility fee, a margin of 10 basis points above Libor, and a utilisation fee of 5 basis points if more than half drawn.

Skopbank of Finland is to have a \$20bn Euroyen commercial paper programme arranged by Yamaichi International (Europe) with Nippon Kangyo Kumakura as co-arranger.

TW Services, a US food service group, has appointed J.P. Morgan dealer for a \$200m Eurocommercial paper programme.

Most of the borrowers were unlisted on the Japanese stock exchange but were well-run companies with excellent prospects and expectations of listings, Mr Takahashi said. The issues are guaranteed by the big Japanese banks.

The Swiss market was particularly attractive for small and medium-sized growing Japanese companies with "superior technology," seeking to raise medium and long-term funds, Mr Takahashi said.

He told a conference organised in Zurich last week by Euromoney that over half the more than 3,000 bonds issued overseas by Japanese companies since World War II had been placed in Switzerland. In value the Swiss issues

amounted to the equivalent of \$47.7bn, or 32 per cent of the total value of Japanese overseas issues.

Last year Japanese borrowers accounted for 46 per cent of the number and over 35 per cent of the value of foreign Swiss franc bonds issued.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

Its strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

MoF clarifies Mexico deal tax

THE JAPANESE National Tax Agency and Ministry of Finance have clarified some of the tax and accounting issues regarding Mexico's planned debt-for-debt swap. Renter reports from Tokyo.

Officials say that Japanese creditor banks will be able to deduct from their tax liabilities losses expected from the deal, in which banks may swap some of their loans at a discount for new Mexican bonds backed by US bonds.

Japanese banks will also be allowed to sell their loans at a discount without reverting the rest of their portfolios at the same discount.

According to Japanese officials, the clarification does not mean they are hoping that

banks will participate in the deal or that the authorities are going to recommend that they do so.

Bankers have welcomed the authorities' advice but say it does not necessarily ensure that all Japanese creditor banks will participate.

Mr Kenichi Kamiya, president of the Federation of Bankers' Associations of Japan, said last week that Japanese banks remain noncommittal on the terms of the swap, uncertain about some of its elements. Japanese banks are worried that US Treasury bonds will secure the Mexican bonds' principal though not their interest.

Twenty-eight Japanese banks have extended loans to Mexico, and their outstanding loans account for some 15 per cent of Mexico's total debts to Western commercial banks.

The request is the first response by the Japanese banking industry to proposals for strengthening the capital adequacy of international banks made by a committee of the Bank for International Settlements (BIS) in December.

The federation is expected to argue that Japan's laws and tax system make it difficult for Japanese banks to raise their capital ratios.

The exchange's current 92 member firms employ about 1,000 floor traders who, at age 25 to 30, will typically draw perhaps \$8m (\$55,400) a year - a reasonable compensation though hardly a fortune in high-priced Tokyo.

To help resolve the recruitment problem for the foreign firms, the big Japanese securities houses have offered to train new staff and to second experienced floor traders to work temporarily for foreign competitors.

These offers have, however, met with a less than enthusiastic response: the training process would take too long and the idea of using a dealer whose loyalty is to his Japanese employer is enough to make any head of trading blich.

Until now, the foreign firms have been content to take a relaxed view. Some will not start trading until well after May 25 anyway. With their domestic marketplaces in gloomy mood, they have been happy to follow the guidelines, avoid the use of headhunters and to keep within a 10 per cent limit for salary increases.

Yet now that they have paid out what they apiece for a TSE seat and have put in place expensive computer systems to deal with the business, some of the foreign firms say that, if it comes to the crunch, they will not allow a few million yen to come between them and the trader they want.

All of which suggests that the spirits of share traders in Tokyo may be rather higher than those of their counterparts in London or New York for some time to come.

Soviet bank may borrow more

By JOHN WICKS IN ZURICH

FOLLOWING THE success of its recent Swiss franc bond issue, the Soviet Bank for Foreign Economic Affairs is considering raising further sums on western capital markets.

Mr Victor Geraschenko, the bank's deputy chairman, said in Zurich over the weekend that it had received "various offers from banks in different countries." These included a proposal for an Ecu issue.

He went on to indicate that other Soviet institutions might also borrow money in this way, and named Promstroybank, the plant construction corporation, as one possibility. However, no other Soviet body was likely to enter the market this year.

The issue of SF100m worth

of 5 per cent bonds was floated in January by a syndicate of mainly non-Swiss banks, headed by Bank für Kredit und Aussenhandel (BKA), itself owned jointly by Westdeutsche Landesbank and Landesbank in Stuttgart.

According to Mr Holger Bahl, general manager of BKA, the issue had initially been oversubscribed by the syndicate of banks, which subsequently passed on part of its allotment to meet client demand.

The bank had met with considerable interest from Swiss and other foreign investors but also from a surprising number of private investors, he said.

Mr Geraschenko, who said that

the Swiss franc issue to some extent reflected "changes in process in our country," called it an experiment. Switzerland had been chosen because of its highly developed bond market and the fact that the bank has a branch in Zurich.

On the basis of the experience gained, he said, the bank was now looking at the possibility of further use of this form of financing in various currencies on international and national capital markets.

While Switzerland's big banks had not wanted to take part in the transaction, Mr Geraschenko praised what he called the constructive position of the Swiss National Bank and the government.

Tokyo SE heads off bidding war for traders

By Stephen Fidler in Tokyo

NOT FOR TOKYO the unseemly salary escalation and widespread poaching of traders that accompanied London's Big Bang - at least not if the Japanese Ministry of Finance gets its way.

In the latest of the country's "Little Bangs," 16 foreign securities dealers and their firms will come to Tokyo on May 22 to be admitted to the Tokyo Stock Exchange as members.

Prospects for equity-linked notes are seriously dependent on the movement of the Tokyo Stock Exchange, Mr Takahashi said, but he thought Swiss investors, who looked to the fundamentals of the Japanese economy, would continue to welcome them.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide.

The strength in Euro-Australian and Eurosterling bonds should be particularly important, Mr Bev Walters, managing director of ANZ Merchant Bank, said.

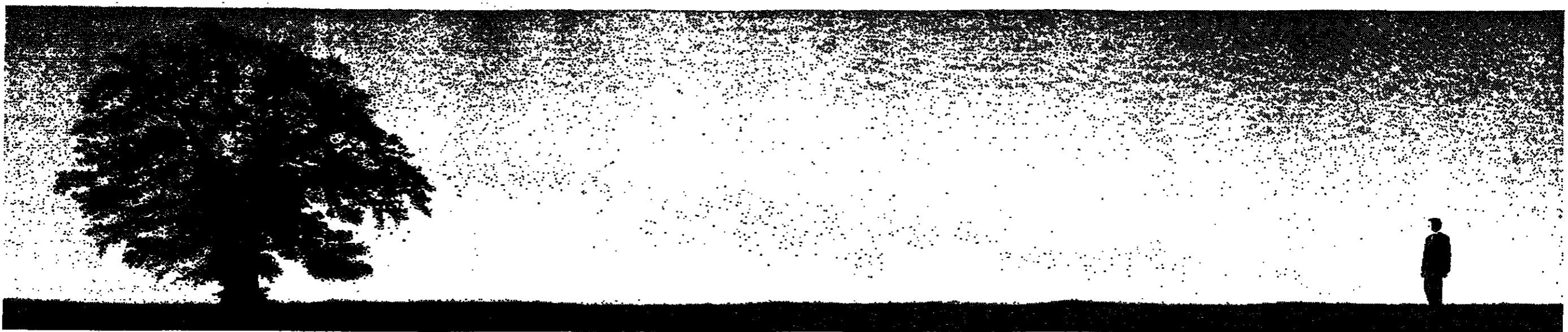
Meanwhile, Australia and New Zealand Banking Group

has become the first Australian trading bank to set up a securities dealing operation in Switzerland through its wholly owned subsidiary ANZ Securities. It has been licensed by the Zurich stock exchange.

ANZ Securities (Switzerland) will work under the umbrella of ANZ Merchant Bank in London. It will initially specialise in Swiss franc note issues for Australian and New Zealand clients but will also market the Eurobond, short-term note and commercial paper products offered by the ANZ group worldwide

Volvo's Sense for Tomorrow.

A Commitment to Investors.



Call it taking the farsighted view.

A management philosophy ensuring Volvo has remained a financially strong operation profitable every year since 1932.

And paid a dividend each year since 1935.

Listed in all major financial centers, including London and New York, Volvo 1986 became the first European automotive company to be listed on the Tokyo exchange.

Volvo shares have demonstrated persistent growth. Ten shares purchased three years ago for £184 are now worth over £300.

Some 60 years of consistent planning for tomorrow has seen Volvo develop into a broad-based industrial operation that in 1987 provided more than 20 percent return on equity.

In the past decade, Volvo sales have increased 385 percent from £1.9 billion to £9.2 billion. Volvo today has cash assets of £2 billion and minority interests in listed companies worth £700 million.

It all adds up to Volvo's sound management commitment, excellent financial strength, top labour relations, and the ability to develop new products and markets.

For Volvo's Sense for Tomorrow, read positive return on investment, good profits, stable production, creative management, quality employees and products, broadening operations within existing business sectors, and a commitment to the future.

CORPORATE FINANCE, AB VOLVO,
S-405 08 GOTHEBORG, SWEDEN.

VOLVO

UK COMPANY NEWS

Michael Smith considers Blue Circle's £275m cash bid for Birmid Qualcast

Battle of contrasting characters

THE CONTRAST in background and personality is stark.

Mr David Poole, managing director of Blue Circle, cement company, was educated at King's School, Canterbury, and Oxford before starting his professional career in Barings, the merchant bank. His suave accent and appearance reinforce the rather stiff, no-nonsense image he projects. He leads his company from the front and clearly enjoys the cut and thrust of takeover battles.

Mr Peter Prateley worked his way up to managing directorship of Birmid Qualcast, home products and foundries company, after leaving his Sutton Coldfield grammar school at the age of 16. Though affable and possessing an infectious sense of humour, he does not find it easy to adopt a high public profile and until recently he left Mr Alan Emerson, his finance director, to do much of the company's public talking.

Between the two managing directors there is little evidence of a tradition of opposites. And the difference in their characters helps to explain why Blue Circle and Birmid are fighting a strongly-contested takeover battle.

With Blue Circle owning about 39 per cent of Birmid's equity, it is confident that its £275m cash offer, which closes on Saturday, will be victorious. But Birmid's campaign to remain independent has won praise in the City and his colleagues have adopted.

For all those reasons Blue Circle has been prepared to offer a fairly generous 380p a share. Birmid says the historic p/e ratio of 16.1 is an unfair discount to the average of 20.5 seen in takeovers deals involving major companies.

However, the offer price is thought to be close to the level which the Birmid board would have accepted and it represents a 90 per cent premium to Birmid's pre-bid price of 200p. The 200p figure now seems absurdly low for a company which last year increased pre-tax profits by 73 per cent to £22.62m and is this year forecasting a rise of at least 24 per

the mid-70s into a diversified home products group, it has long been the centre of takeover speculation. Only a year ago it fought off a merger approach from Reportham Ceramic, engineering conglomerate.

Foundries remain a significant part of the group but the attraction of Birmid is its brands - Potterton (boilers), New World (gas cookers) and Qualcast, Atco and Webb (lawnmowers) - all commanding large shares of their markets.

Blue Circle sees buying Birmid as an ideal opportunity to diversify from its core UK product of cement, growth prospects for which are limited. After strong overseas expansion in the early 1980s it also wants to balance the group better with larger UK earnings.

In addition there may be a defensive element to the bid. Analysts believe Blue Circle's underlying asset value could be more than £6 a share - Phillips & Drew, for example, suggests 615p, giving a share price premium of 412%. Birmid is too small to be a poison pill against prospective predators but the acquisition would help to demonstrate the hands-off approach which Mr Poole, less than a year in the job, and his colleagues have adopted.

For all those reasons Blue Circle has been prepared to offer a fairly generous 380p a share. Birmid says the historic p/e ratio of 16.1 is an unfair discount to the average of 20.5 seen in takeovers deals involving major companies.

However, the offer price is thought to be close to the level which the Birmid board would have accepted and it represents a 90 per cent premium to Birmid's pre-bid price of 200p. The 200p figure now seems absurdly low for a company which last year increased pre-tax profits by 73 per cent to £22.62m and is this year forecasting a rise of at least 24 per



David Poole - sees synergy



Peter Prateley - "arguments are shallow"

knowledgably about gas cookers, lawnmowers or boilers."

Perhaps neither side has gained the upper hand in the synergy argument to some extent it depends on shareholders' views on whether big is beautiful. But Birmid has been able to score points by attacking Blue Circle's record with Armitage.

Blue Circle boasts that Armitage has trebled UK profits since it bought the company in 1981. Analysts point out, however, that the last seven years has been a period of heavy growth in the bathroom furniture market and Armitage's record compares unfavourably with, for example, that of Spring Ram, maker of bathroom and kitchen furniture.

The cement company is conspicuously quiet in its offering documents about the US division of Armitage, where losses are still being incurred six years after start-up and where one "greenfield" factory was closed less than two years after it was built.

Part of the problem was an unforeseen flood of imports. But there were also other financial difficulties, including, says Blue Circle, miscalculations over the skills of the local workforce.

Mr Poole can claim, with justice, that these were problems and his team inherited from their predecessors. Although he was in charge of Blue Circle's international operation at the time he had no involvement with Armitage Shanks in the US, which was run autonomously.

Mr Prateley is equally scathing about the marketing benefits of a merger. "Salesmen need to be technicians - they have to know about what they are selling. You cannot expect a bathroom salesman to talk

in one sense the argument could end there. Blue Circle, after all, is offering cash, not shares, so its motives and prospects could be regarded as irrelevant by Birmid shareholders. However, hostile bids are less fashionable than they were a year or so ago, and fund managers and investors are being asked more than ever to consider the industrial logic of takeovers rather than just short-term financial considerations.

Blue Circle's strategy rests on its argument that home products is a fast growing, homoge-

ous market of \$4bn a year

which is ripe for picking by a large group with financial muscle.

"There are no big players and there is room for one to emerge," says Mr Poole.

Combining Armitage Shanks,

Blue Circle's bathroom products subsidiary, with Birmid's lawn

lawnmowers, boilers and cookers

company would produce a

group with critical mass and enhanced negotiating powers, says Mr Poole. The enlarged division would benefit from distribution and marketing synergy and could move into related areas such as windows and doors and bedroom products.

It's so shallow it isn't true," says Mr Prateley. "What are they proposing? That all Birmid's products should be made at one site? Or that they will send lorries all around the country to pick up all the products and distribute them."

Mr Prateley is equally scathing

about the marketing benefits of a merger. "Salesmen need to be technicians - they have to know about what they are selling. You cannot expect a

bathroom salesman to talk

on the company's profitability over the next three years.

Teleselect made pre-tax profits of 97.3m last year on turnover of \$37m; net assets at the end of the year amounted to \$8.4m.

Simon claims that the latest acquisition gives it 10 per cent of the £700m world market for specialised access equipment. It follows three recent purchases in the sector.

In September last year, Simon bought Gloster Saro, a maker of aircraft refuelling vehicles from Hawker Siddeley for £6.8m; in November, it bought Kranlift, a Swedish company, for £1.4m. Last month, Simon paid \$3.4m to buy Duplex, a US maker of fire-engine chassis.

Simon's shares fell 10p to 249p yesterday.

Sentiment is probably on the side of the smaller company. In the last few years it has done all the right things - improved marketing, cut costs, added value to its products, made shrewd acquisitions - and supporters point to the unfairness of rewarding it with an unwanted takeover.

The bid provides a key test of the City's mood on takeovers. Since Black Monday all contested cash takeovers have eventually been won by the predators. But with industrial liquidity improving, Birmid believes it can just scrape through with its independence.

Mr Crook said although

the company was encouraged by the results of the efficiency drive, these would not be reflected in the current financial year.

He confirmed that the DDT had not been in talks with Apricot and added that he anticipated Apricot's move as a hostile one.

"Apricot is a manufacturer with the publicly-stated aim of increasing its share of the maintenance sector and DDT is a maintenance firm with a share price in the doldrums," said Mr Crook. DDT shares rose 50p to close at 67p. At that price the company has a market capitalisation of \$4.35m.

The bid provides a key test of the City's mood on takeovers. Since Black Monday all contested cash takeovers have eventually been won by the predators. But with industrial liquidity improving, Birmid believes it can just scrape through with its independence.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks yesterday as Texas announced two appointments to its board. Mr Nigel Franks is joining as property director from J Sainsbury, where he held the same position, and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.

The rumours are well wide of the mark," said Mr Ron Trenter, managing director of Texas Homecare, part of the Ladbroke Group. "We are growing organically at such a rate we don't see the need for such an acquisition."

Mr Trenter made the remarks

yesterday as Texas announced

two appointments to its board.

Mr Nigel Franks is joining as

property director from J Sainsbury,

where he held the same position,

and Mr Peter Hartley, formerly with Next, has been appointed finance director.</p

UK COMPANY NEWS

BAT offers to discuss Farmers Group bid terms

BY DAVID LASCELLES

BAT Industries is prepared to discuss "all terms" of its \$4.2bn (£2.4bn) bid for Farmers group, the California-based insurance company. Farmers has rejected the bid, which was announced last month, as inadequate and not in its shareholders' interests.

Mr Pat Sheehy, BAT's chairman, said in a circular to shareholders yesterday that his company's US subsidiary, BATUS, had written to Farmers "expressing disappointment at the response and urging Farmers to reconsider its position so that the two sides can meet."

In a further comment, apparently indicating BAT's willingness to improve its \$60 a share cash offer, Mr Sheehy added:

Damages for UCL offshoot confirmed

By Fiona Thompson

Universal Computer Systems, a non-trading subsidiary of UCL Group, US-listed computerware company, has received \$2.06m (£1.18m) damages from the US Datamedia Corporation, after three appeal court judges unanimously upheld an earlier judgment by a Federal US District Court in New Jersey.

Universal had alleged that Datamedia, by signing a worldwide volume agreement with ICL, the UK's largest computer manufacturer, had broken the terms of its dealer agreement by which Universal was granted an exclusive right to sell in the UK and Ireland certain Datamedia products using the Pick operating system.

The jury found that Datamedia had been in breach of its duty of good faith and fair dealing, had made false statements to Universal, and had acted with malice and with willful and reckless disregard for Universal's rights.

AGB buys half of ad monitoring service

BY ANDREW HILL

AGB Research, the UK's largest market research company, has acquired half of Advertising Research Services, media and advertising expenditure service, for an initial consideration of £1.7m.

Further payments up to a maximum of £200,000 may be made, based on AGB's performance in the 1987/8 financial year.

AGB monitors expenditure on television commercials and the

content of TV advertising. The initial consideration will be funded by the issue of 739,567 AGB shares worth £1.4m with the balance in cash.

AGB has the option to acquire the outstanding half of the company which is held by two AGB directors.

Mr Peter Tyre, AGB finance director, said that the purchase would be a valuable infill addition to the company's UK operations.

Garton Eng £0.4m buy

Garton Engineering has agreed to acquire the capital of **Kinnings of Southport**, manufacturer of coldformed volume components. The consideration is £400,000 (subject to adjustment), of which £40,000 may be satisfied by the allotment of Garton ordinary shares. A total of £200,000 will be paid on completion and the balance in stages by reference to Kinnings' profits for 1987 and 1988. Kinnings' net asset value was estimated to be £800,000 at December 31 1987.

Grand Central Inv

Grand Central Investment Holdings has acquired 60 per cent of Heng's Food and Beverage Industries, Singapore-based food manufacturing company, for \$420,000 (£120,000) cash.

COMPANY NEWS IN BRIEF

AAH Holdings has acquired J C N W Barr, which operates four retail pharmacies in the Nuneaton area, through the issue of 550,000 AAH ordinary shares to the vendors. Net assets are expected to be at least £524,000. AAH plans to add the shops to its 16 franchised pharmacies trading under the Vantage banner.

G&G Kynoch: Annual meeting told that, despite go-ahead date being ahead of budget and of those received in same period last year, in all, directors viewed current year prospects with cautious optimism.

POLLY PECK: Financial year end has been changed from August to December, making the current period 16 months to end December 1988.

McCarthy & Stone: Mr J.S. McCarthy, chairman, told annual meeting that accounts for first four months showed encouraging trends.

BROMSGROVE has acquired ERI, manufacturer of display components for the domestic appliance and automotive sectors, for some £370,000 in cash. Bromsgrove has specifically purchased ERI's plant and machinery stocks and goodwill with pleasure on the business.

ERI's turnover was £1.8m and pre-tax profits were £6,336 for the year ended October 30 1987.

RELIANT MOTOR has reached agreement to sell 20.5 acres of its freehold property in Tamworth, Staffs, for £1.3m cash. **ESTATES DEVELOPMENT**

listing for 6 per cent cumulative preference shares has been cancelled at the request of the company.

ALSA INVESTMENT TRUST listing has been cancelled at the company's request.

SHARP & LAW - of the 10.29m cumulative redeemable conversion preference shares offered by way of rights, 9.4m have been taken up (91.4 per cent). The shares not taken up have been sold in the market at a small premium.

GENERAL ACCIDENT is acquiring Naylor Hayward, Nottingham-based estate agents with aggregate net assets of about £25,000. Part of the consideration is being met through the issue of 18,947 ordinary shares.

Move to unseat Bremner directors

By Philip Coggan

MR DENNIS MCGUINNESS, chairman of Bremner, Scottish financial services group, which in December bought two day agents for £9.3m, yesterday announced that it made a pre-tax loss of £3.76m in the year to September 30.

In fact, the Bremner board claims that the three men, Mr Eric Pearce, Mr John White and Mr Chris Adams, are not validly appointed directors. They were brought on to the board by Mr James Rowland-Jones, the former Bremner chairman, shortly before he was defeated in a vote by shareholders in January.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

At the EGM Bremner shareholders will also be asked to vote on a motion, removing Mr McGuinness and two others from office and replacing them with Mr Rowland-Jones and two former Bremner directors.

Dixons preference stake in Wigfalls up

Dixons, the high street retailer which is offering £18m cash for Sheffield-based Wigfalls, yesterday announced it has acquired a further 15,400 convertible preference shares, taking its total holding to 1.41m ordinary and 1.44m convertible preference - 36.5 per cent of the votes. Dixons is bidding in the face of a rival paper-only approach from Bennett & Fountain.

Consolidated Tern optimistic despite £3.76m deficit

By DAVID WALLER

Consolidated Tern Investments, USM quoted property and construction company which in December bought two day agents for £9.3m, yesterday announced that it made a pre-tax loss of £3.76m in the year to September 30.

In fact, the Bremner board claims that the three men, Mr Eric Pearce, Mr John White and Mr Chris Adams, are not validly appointed directors. They were brought on to the board by Mr James Rowland-Jones, the former Bremner chairman, shortly before he was defeated in a vote by shareholders in January.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

At the EGM Bremner shareholders will also be asked to vote on a motion, removing Mr McGuinness and two others from office and replacing them with Mr Rowland-Jones and two former Bremner directors.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

At the EGM Bremner shareholders will also be asked to vote on a motion, removing Mr McGuinness and two others from office and replacing them with Mr Rowland-Jones and two former Bremner directors.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict preventing the three men from claiming to be directors. The trio failed to have the interdict lifted at a court hearing last Friday.

But on January 20 the Bremner board obtained an interim interdict

UK COMPANY NEWS

Company Notices

NOTICE CONCERNING MERGER

Bearer Warrants to subscribe up to £15,470,000,000 for shares of the common stock of MATSUSHITA ELECTRIC TRADING CO., LTD.

In accordance with the provisions of Clause 4 (A) of the Instrument dated 30th March, 1987 pursuant to which Bearer Warrants (the "Warrants") to subscribe up to £15,470,000,000 for shares of common stock of Matsushita Electric Trading Co., Ltd. have been issued, notice is hereby given that:

(1) The agreement for merger (the "Merger Agreement") between Matsushita Electric Trading Co., Ltd. ("MET") and Matsushita Electric Industrial Co., Ltd. ("MEI") was approved by the shareholders of MET and MEI at their respective shareholders' meetings held on 5th February, 1988.

(2) Under the Merger Agreement MET will merge into MEI and be dissolved and MEI will assume all of the business, assets and liabilities of MET as surviving corporation.

(3) As a result of the merger the shareholders of MET will be issued one share of common stock of MEI having a par value of £50 per share for each MET share held immediately after the effective date of the merger (at present expected to be 30th June, 1988).

(4) Pursuant to the terms of the Merger Agreement the holders of shares of MET on the register of shareholders of MET as of the close of business on 31st March, 1988 will also be paid by MEI immediately after the general meeting of shareholders of MEI (which is expected to be held on 29th June, 1988) an amount of £6.25 in cash per share of MET held of record in substitution for MET's dividend for its financial year ending on 31st March, 1988. This amount, however, may be subject to variation upon consultation between MET and MEI depending on the financial condition of MET on 1st April, 1988.

(5) On and after the effective date of the merger, all the obligations of MET under the Warrants will be assumed by MEI as if it were the issuer of the Warrants and the holders of the Warrants will be entitled to subscribe for shares of common stock of MEI having a par value of £50 per share by exercising their Warrants.

(6) The Subscription Price applicable to the Warrants will not be adjusted as a result of the merger.

Matsushita Electric Trading Co., Ltd.

Dated: 9th February, 1988

Goodhead Print advances 61% to £1.44m midway

BY PHILIP COGGAN

Goodhead Print, contract printing and free newspaper publishing group, raised interim pre-tax profits by 61 per cent to £1.44m (£892,000) in the six months to November 30 1987.

The figures benefited from the inclusion of £150,000 of profits from the Company Publicity Group, the design concern acquired last August.

Profits from printing grew by around 7 per cent, with the group gaining new contracts, including that for Early Times, the children's newspaper. But the market remained extremely competitive according to Mr Godbold, managing director.

The installation of the new 8 unit Goss Tribune double circumference press continues on schedule and should be operational by April.

Printing contributed 55 per

cent of interim profits, and a further 34 per cent came from the publishing division, which now publishes 22 free newspapers. Profits in the division increased by £400,000 to £1m, helped by the improved performance of some newspapers which had been bought from the receiver in 1986.

Operating profit was £1.8m (£1.27m) and after net interest of £359,000 (£276,000) and taxation of £396,000 (£260,000), fully diluted earnings per share rose 19.7 per cent to 7.9p (6.6p). The interim dividend is set at 1.5p (1.25p).

comment

Goodhead displayed a wise head when it diversified out of

stampede of buyers.

Copymore to join unlisted market with £14m value

BY DAVID WALLER

Copymore, an independent unit of £1.3m for 1987, against distributor of office equipment, £510,000 in the six months to June 30 last year. The shares are to join the Unlisted Securities Market. At the placing price of 130p a share, it will have a value of £15.9 times 1987 earnings of £1.1m. The flotation was originally planned for October last year but postponed because of the market crash.

Of the 2.4m shares being placed, £45,000 are new shares issued by the company to raise a net £905,000. The balance is being sold by Mr Claudio Sarno and Mr Jeffrey Godbold, joint managing directors and founders of the company, who will retain 77.8 per cent of the shares.

The placing of 22.2 per cent of the enlarged equity by brokers Lawrence Pruit is supported by forecast pre-tax prof-

itures of £1.5m for 1988.

A quarter of the company's turnover comes from machines, electronic typewriters and other office equipment.

First dealings in the new shares are expected on Friday, April 16.

Dwek's furniture purchase

BY FIONA THOMPSON

Dwek Group, maker of furniture and leisurewear, vinyl and PVC, and distributor of luggage and handbags, is to buy Balanced Bobbins, a privately-owned furniture manufacturer based in Gloucestershire, for £2.4m.

Balanced Bobbins is a holding company, with two wholly-owned trading subsidiaries - Colin Kitchens and Furniture

Details. Colin Kitchens designs and makes kitchen furniture for several of the larger domestic housebuilders with Boivis Homes its dominant customer.

Furniture - Details manufactures hotel furniture for a number of operators nationwide, including Ladbrooke Group, Swallow Hotels and Devonshire Hotel Group.

The £2.4m consideration is

BOARD MEETINGS

DPCE Holdings	Feb 26
Edens M.	Feb 26
Electronics	Feb 26
Mahmet	Feb 26
Mangrove Group	Feb 26
Peechey Property	Feb 26
TR City London Trust	Feb 26
Freight & Industrial	Feb 26
Tavel	Feb 26
Independence Newspapers	Feb 26
National Barber London	Feb 26
Sorrells Inc.	Feb 26
Wrigley's Consolidated	Feb 26
INTERIM	Feb 22
Interstate, Market Estates	Feb 22
Finsbury L. M. Eccles, Grapeland West Diamond	Feb 22
Marine, Manchester Ship Canal, Securitas, Security Services	Feb 22
FUTURE DATES	Feb 22
Interstate-Bangkok Investments	Feb 22
	Feb 10



TIP HELPS KEEP ALL THESE COMPANIES MOVING

These companies have two things in common. They are all highly successful. They all rent trailers from TIP. They have achieved their success by a dedication to providing quality and choice to their own customers.

Our own success has been achieved in exactly the same way. For 19 years we have been Europe's leading trailer rental company.

We have 19 branches in the U.K. and 23 more on the Continent. All strategically sited to meet our customers' requirements. We have more trailers and more different types of trailers than any of our competitors.



Issued by Kleinwort Benson Limited on behalf of TIP Europe

Many of our customers are small, sometimes new businesses. And to these companies we offer a cost-effective way to conduct their business without tying up assets in capital equipment.

In addition, a significant percentage of our customers are large groups who also appreciate the value of renting a proportion of their trailer fleet.

In this way, our customers meet variations in demand - seasonal or otherwise - without carrying the financial burden of spare capacity.

We've come a long way in a short time and we plan to go a lot further.

FINANCIAL TIMES FIRST EDITION

On Friday, 12 February 1988, the very first edition of the Financial Times, 13 February 1988, will be making its second appearance.

As part of our Centenary celebrations, we are reprinting the first edition of the Financial Times on the original white news print as it would have appeared all those years ago.

The first Financial Times will be inserted into your regular copy of the Financial Times on Friday, 12 February 1988. To ensure that you do not miss this interesting souvenir of the Financial Times' Centenary, place your order for the Financial Times with your local newsagent now.



PRINCIPALITY OF MONACO UNIQUE

RENT YOUR OFFICE IN THE BUSINESS CENTER OF MONTE-CARLO

in a sumptuous setting,

close to the major hotels :

- 3rd floor : 488 SQ.M. Internally to be finished (57 SQ.M. cellar + 6 parking spaces)
- ground floor 339 SQ.M. and basement 397 SQ.M. constructor's finish enabling lessee complete interior per his requirements (34 SQ.M. cellar + 8 parking spaces)

Long term lease

For further details please contact : Mr. G. MATHAS Tel. (33) 93.50.96.17 or Mr. P. TOULIATOS Tel. (33) 93.30.73.09

COMMERZBANK OVERSEAS FINANCE N.V.

U.S. \$ 100,000,000

Floating Rate Notes Due 1993

In accordance with the provisions of the Notes notice is hereby given that for the three month period from February 8, 1988 to May 9, 1988 the Notes carry an interest rate of 6 1/4% per annum with a coupon amount of U.S.\$ 175.38 on U.S.\$ 10,000,- and U.S.\$ 4,384.11 on U.S.\$ 250,000,-

Frankfurt/M, February 1988

COMMERZBANK

AUTONOMES GESELLSCHAFT

FT LAW REPORTS

Creditors' vote is not confidential

HAARHAUS & CO GmbH v
LAW DEBENTURE TRUST
CORPORATION plc
Queen's Bench Division
(Commercial Court);
Mr Justice Hirst;
January 28 1988

The way in which individuals cast their votes on a poll at a creditors' meeting called by the debtor is not confidential as against him at Common Law; and his agents appointed to record the votes therefore cannot be restrained from giving him the information unless it has some contractually or circumstancially acquired confidential quality.

Mr Justice Hirst so held when refusing an application by Haarhaus & Co GmbH for injunctions to restrain Chase Manhattan Bank from disclosing to the Central Bank of Nigeria the manner in which votes were cast at a creditors' meeting, and to restrain the Central Bank from obtaining such disclosure. Cross-applications by the two banks to strike out Haarhaus' claims that the voting was confidential were granted.

HIS LORDSHIP said that on January 14 1988 a meeting of holders of US dollar promissory notes was held at the Wembley conference centre. The notes had been issued to uninsured trade creditors of Nigerian importers under a scheme constituted by a trust deed between the Central Bank of Nigeria as issuer, the Federal Republic of Nigeria as guarantor, and the Law Debenture Trust Corporation as trustee.

The notes had been issued for approximately \$3.2m. They provided for payment of principal and interest by instalments, culminating in 1990.

During 1987 Central Bank had defaulted on its obligations under the trust deed. The purpose of the meeting

was to put before the note-holders proposals for extending the completion date to 2010.

The meeting was convened by the Central Bank. The Chairman, Mr William Park of Linklaters & Paines, was nominated by the Corporation, pursuant to its powers under the trust deed.

Before the meeting was an extraordinary resolution which required a two-thirds majority. There was a two-thirds majority on a show of hands. The chairman then demanded a poll.

The voting slips bore the note-holders' serial numbers.

The boxes were opened by Chase Manhattan, appointed by the Central Bank as its agent to count the votes. The vote numbers appearing on the voting cards were entered into a computer, and removed to Chase Manhattan's premises.

The resolution was passed on the poll by the requisite two-thirds majority.

On January 18 1988 Haarhaus issued writs claiming a declaration that the voting was confidential; claiming injunctions against the Corporation, Mr Park and Chase Manhattan, prohibiting disclosure to the Central Bank of the manner in which they were cast; and claiming an injunction against the Central Bank prohibiting it from obtaining such disclosure.

The claim against the Corporation and Mr Park had been discontinued.

Haarhaus issued its writs in a representative capacity, on behalf of all note-holders, alleging there was a risk of damage to them if the information was disclosed.

It was an essential condition of a representative action that the represented and the representor had the same interest and a common grievance, and that the relief

sought was of very nature beneficial to all.

Since the motion was carried by a two-thirds majority there must have been a very substantial group of people who had no common interest with Haarhaus. Nor could there be any common grievance, since the fear of discrimination or reprisals, which was at the root of its case for preventing disclosure of "No" votes, could not apply to those who voted in the affirmative.

The proceedings could therefore not be continued in a representative capacity.

The first ground on which Haarhaus presented its case was that it was an express or implied term of the trust deed that information as to how individuals voted was confidential.

It submitted that at Common Law the function of a poll was *inter alia* to preserve confidentiality.

Armstrong v Landmark [1967] 1 NSW 13 showed that those who organised the poll were entitled to know how people voted, and that it was essential so that the validity of votes could be scrutinised.

Mr Collins for Haarhaus said the criterion by which the first two requirements were judged was that "any reasonable man standing in the shoes of the recipient of the information" would have realised, the information was given to him in confidence.

There was no authority for such a distinction. It was rejected. It was entirely unrealistic in the present case, since there was nothing to stop Central Bank conducting the poll itself with its own officers and computer.

The submission that there was any special requirement of confidentiality for polls at Common Law was rejected.

Now was there anything in the rules of the trust deed which supported the notion that the poll was to be confidential *vis-a-vis* the Central

Bank. The rules provided that "if...a poll is demanded that shall be taken in such manner as the chairman directs."

Those very wide terms were apt to cover a direction from the chairman as to whether or not there should be any special provisions of confidentiality.

The case based on contract failed.

The alternative case was

that the information was subject to a duty in equity of confidentiality, in view of

the risk of damage to Haarhaus.

In *Coco v A N Clark [1969] EPC 41, 47*, Mr Justice Megarry said that normally there were three requirements if, apart from contract, a case in breach of confidentiality was to succeed.

First, the information must have the necessary quality of confidence; second, it must have been imparted in circumstances importing an obligation of confidentiality; third, there must be an unauthorised use of the information to the detriment of the party communicating it.

He said the criterion by which the first two requirements were judged was that "any reasonable man standing in the shoes of the recipient of the information" would have realised, the information was given to him in confidence.

As to the first requirement, Mr Collins submitted it was sensitive information.

Sensitivity was no sound basis for confidentiality. By what criterion was sensitivity to be judged? It would produce uncertainty.

The considerations which led to the ruling against any contractual basis for the claim also told against the quality of confidence.

Further powerful considerations were that at the meeting the chairman ruled that

there would be a computerised record of the way in which note-holders voted, and that the record belonged to Central Bank.

That ruling stripped the information of any potential confidentiality it might otherwise have had.

Also, since Chase Manhattan was Central Bank's agent, it was difficult to see how its own principal was not entitled to the information that it held.

Nor was the second requirement satisfied. A reasonable man in Chase Manhattan's shoes could not possibly have thought he was the recipient of confidential information once he heard the chairman's ruling.

The third requirement was that the information would be used to the plaintiff's detriment.

Haarhaus' case was based on the alleged fear of discrimination or reprisals. Its evidence was woefully inadequate.

The court strongly deprecated the making of serious allegations of that kind without any proper evidential support.

The Central Bank did its utmost to set up the meeting with scrupulous fairness. The voting process was impeccable.

There was no cause of action against the defendants. The application for the injunctions failed, and the actions were struck out.

For Haarhaus: Michael Collins (Holman Fenwick & Wall).

For Chase Manhattan: Mark Potter QC (Allen & Overy).

For Central Bank: Hilary Heilbron QC and Anthony Trace (Norton Rose Bottrell & Roche).

Rachel Davies
Barrister

This announcement appears as a matter of record only.

HOME BRIDGING
a Collins-Wilde Group Company

£25,000,000 SUPPLEMENTAL REVOLVING FACILITY

AGENT



ARBUTHNOT LATHAM
BANK LIMITED

PROVIDED BY

Bank of Ireland
Creditanstalt-Bankverein
The Hongkong and Shanghai Banking Corporation

Frankfurt Bukarest Bank AG

Banco Totta & Açores
NMB Bank, London Branch
Royal Trust Bank (Switzerland)

Al Saudi Banque
Arbuthnot Latham Bank Limited
Crédit Commercial de France
Swiss Cantobank (International)

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:
TEXACO INC.
TEXACO CAPITAL INC.
TEXACO CAPITAL N.V.
Debtors

Jointly Administered
Case No. 1-Cv-88-1003
#7-B-20141 (HS)
#7-B-20142 (HS)
#7-B-20144 (HS)

NOTICE TO CREDITORS AND EQUITY SECURITY HOLDERS
(A) CONCERNING VOTING ON JOINT PLAN OF REORGANIZATION AND
(B) FIXING DATE, TIME AND PLACE FOR HEARING
ON CONFIRMATION OF JOINT PLAN OF REORGANIZATION

TO ALL CREDITORS, INDENTURE TRUSTEES, FISCAL AGENTS,
EQUITY SECURITY HOLDERS AND PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN THAT:

1. On January 29, 1988, the United States Bankruptcy Court for the Southern District of New York ("Court") entered an order (the "Order" approving the second amended disclosure statement (the "Disclosure Statement") in respect of the Second Amended Joint Plan of Reorganization ("Plan") filed by Texaco Inc., Texaco Capital Inc. and Texaco Capital N.V. (the "Debtors"). Pursuant to the Order, copies of the Plan and Disclosure Statement will be mailed to all known creditors of the Debtors and equity security holders of Texaco no later than February 22, 1988. Ballots for voting to accept or reject the Plan will also be mailed to Texaco's equity security holders. If you were a Texaco equity security holder and did not receive a ballot, please call the Texaco Investor Relations Department at (212) 554-5000. For further information, you may obtain the Plan, the Disclosure Statement and a ballot for voting on the Plan by telephoning Texaco at (914) 254-5015.

2. Pursuant to the Order, only votes received by the Debtors, c/o Corporation Trust Company, Bullock Standard Time on March 1, 1988 will be counted.

3. The Court has set March 21, 1988 at 10:00 A.M. as the date and time for the hearing on confirmation of the Plan ("Confirmation Hearing"). Creditors and equity security holders may, but are not required to, appear in person at the Confirmation Hearing. The Confirmation Hearing will be held in Courtroom 25, United States Courthouse, 101 East Post Road, White Plains, New York 10601 and may be adjourned from time to time without further notice except for an announcement made at the Confirmation Hearing.

4. Creditors and equity security holders may be entitled to receive a ballot if they are the named and address of the objector and the amount of its claim or the nature of its interest in the Debtors chapter 11 case; and (b) specify the basis and nature of the objection; and (c) be filed with the Clerk of the Court in Room 10 at the address in paragraph (3) hereof, together with proof of service, and served the following persons so as to be received by the Clerk of the Court on March 15, 1988:

- (i) Kramer, Levin, Nessen, Kahn & Frankel Attorneys for the General Committee of Unsecured Creditors
919 Third Avenue
New York, New York 10022
Attention: Harvey R. Miller, Esq.
- (ii) Levin & Brotman Cramers, Trester & Glatz, P.C. Attorneys for Pennzoil Company
850 Madison Avenue
New York, New York 10022-3802
Attention: David A. Burns, Esq.
- (iii) Kock, Mahin & Carr Attorneys for the Committee of Equity Security Holders
8300 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606-5989
Attention: Dennis M. O'Dea, Esq.
- (iv) Securities and Exchange Commission
30 Federation Square
New York, New York 10278
Attention: Nathan Fuchs, Esq.

BY ORDER OF THE COURT

Howard Schwartz
United States Bankruptcy Judge

WEIL GOTSHAL & MANGIS
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
(212) 510-8000

APPOINTMENTS

Restructured UK operations at Standard Chartered Bank

STANDARD CHARTERED BANK has restructured its UK banking operations. Mr John Davidson, general manager, will be in charge of UK corporate banking, and Mr John Hodder remains managing director of Chartered Trust. Mr Brian Fitzgerald has been appointed director of international corporate banking. Mr Robin Christie is director of personal banking. Mr Eric Harrison, head of risk asset management, and Mr Geoff Williams head of support services. A director of finance is to be appointed. Mr Lynn Todd becomes director of UK corporate banking. Mr John Burke is made managing director of Standard Chartered Retail, and Mr Alan Michael and Mr Nigel Doughty are appointed directors of corporate banking.

* Mr Brian Jones has been appointed deputy chairman, and Mr Michael Gibson chief executive at KEYWEST FINANCIAL HOLDINGS.

* STANRAUSS TURNBULL & COMPANY has appointed Mr Peter Hogarth as operations director from April 1, when he will also join the executive committee. He is a general practitioner with Peat Marwick McLintock.

* THE ELECTROLUX GROUP in the UK has appointed Mr Mike Regan as personnel director. He was personnel director of Thorn EMI major domestic appliances which was acquired by Electrolux last year.

* Mr Campbell Dunnford has been appointed general manager of MOSCOW NARODNY BANK, London, from February 29. He is trade finance director with Midland Bank.

* Mr Tim Crummond has been appointed managing director of Barclays de Zoete Wedd's Australian stockbrokers, BZW. He joined the company, then Meares & Phillips, in 1984 and has been the director responsible for the equities division. Mr Brian France will remain executive chairman.

* ROBSON RHODES has appointed Mr Bill McKenzie as senior tax consultant, London. He was a tax partner with Price Waterhouse.

* RUSH & TOMPKINS has appointed Mr Neil Tunbridge as a local director of the Northern and North Midlands regional offices, and of the national projects division. He was regional accountant.

* Mr Mike Kelly has been appointed a director of RENDEL PALMER & TRITON (WALES), a High-Point Rendel company. He is a project director with the Department of Transport.

* THE NEW ZEALAND MEAT PRODUCERS BOARD, London, has restructured its management. Mr Michael Sledgeman is now Middle East and Africa director. Mr David Wright continental Europe director, and Mr John Mabb UK market services director.

CONTRACTS

Improvements for three Marks & Spencer stores

Three contracts have been awarded to BOVIS CONSTRUCTION to manage major enlargements and improvements totalling £12.5m, at Marks & Spencer stores in Northwich, Fareham and London's Oxford Street.

The Bovis will fit out a former Woolworth's store to provide 42,000 square feet of extra sales space at ground, first and second floor levels, adjoining Marks & Spencer's existing store. New offices will be provided on the third floor and second floor staff quarters will be extended, together with the installation of new lifts and escalators. A further 3,800 square feet of stockroom space, including a new cold store, will be fitted out in a separate

building and the work is due for completion in November.

The Fareham contract involves the conversion of a first floor stockroom to a new sales floor of 13,000 square feet, equipped with new escalators and stairs. On the ground floor the existing sales area will be modernised and extended to enlarge the food retailing area. Building work will begin in February and finish in June.

In Oxford Street a new second floor of 12,000 square feet is to be added to the pantheon store, together with new escalators and stairs, providing a significant increase in the retailing area.

Extensive roof ductwork will be re-sited in the new ceiling void and the 10 month contract will be completed in October.

BULLOCK CONSTRUCTION has been awarded almost £7m worth of refurbishment contracts.

The contracts secured are for Stafford Borough Council - recladding and repairs to two blocks of flats, value £843,000; Slough Borough Council - roof truss repairs and re-roofing to 133 houses at Chalvey, where the 32-week contract is valued at £486,000; Leicester City Council - environmental works at the St Martin area of the city valued at £121,000.

The Property Services Agency, south east region, has awarded a contract value over £2m for major rebuilding works at Queen Elizabeth Barracks, Guildford, where work will commence on the 65-week contract.

Another order from the Property Services Agency, this time in the eastern region, is for a 56-week contract to modernise 150 married quarters at RAF Wittering, valued at £2.7m, which will commence mid-February.

For Coventry City Council - a further phase of housing modernisation at Stoke Heath, valued at £2318,000, is scheduled for completion in October; while for Wrexham Magor Borough Council - work has started on a £170,000 contract to replace front and back doors and install central heating to 101 homes. This contract is due for completion in 17 weeks.

As the financial services arm of GE, the giant US based multinational, GE Capital are leaders in business to business financing.

We provide highly flexible, low cost packages designed to make the most of your company assets.

Whatever business you're in, you'll find we offer the most cost effective way to finance your major acquisition plans.

If you'd like to know more, why not give Malcolm Briggs a call on 01-741 9900, or write to him at IGE Capital Corporation Limited, Shortlands, Hammersmith, London W6 8BX.

GE CAPITA

A more flexible approach

Ministry defends Chernobyl response

By David Blackwell

THE UK Government has rebutted the sharply critical report by the Country Landowners' Association on the handling of the aftermath of the Chernobyl nuclear accident.

"There is no evidence to justify the CLA's assertion that restrictions on sheep affected by the Chernobyl fallout may remain in place for 30 years," said Baroness Trumpington, junior Agriculture Minister, in a written Parliamentary reply yesterday.

All lowland areas of the UK levels of radioactivity had already dropped substantially, she said. In upland areas, the Ministry was undertaking a major research programme to enable it to make at the earliest opportunity more precise predictions of the long-term behaviour of the radioactive caesium.

The claim in CLA report that soil erosion is the only means of reducing the caesium content of soils rests on a study carried out on alluvial silt loam soil in the USA, said Baroness Trumpington. The conditions there are not relevant to the problems encountered with our upland peaty soils."

The CLA report, compiled by a group of the association's branches in North Wales, last month accused the Government of incompetence, evasion and unnecessary secrecy.

Farmers had lost faith in the Ministry's findings, it said. Farmers were not consulted nor was their involvement sought in ministry trials, which were closed to secrecy.

But Baroness Trumpington yesterday said the government agricultural departments had made every effort to see that the public generally and farmers in particular had been kept fully informed of the situation as it developed.

"The Government has done and will continue to do everything possible to give information on all aspects of action taken following the Chernobyl accident and to publicise the substantial programme of post-Chernobyl research and development work by means of meeting with the farmers' unions, the CLA, and by giving detailed information to the press and media, including information on key field and laboratory studies."

Further gains for freight futures

THE BALTIMORE International Freight futures market had another active day yesterday, with fresh records being achieved, writes our Commodity staff.

The prompt April position reached 1,580 points (representing \$10 each) before profit-taking trimmed it back to 1,573 at the close, up 13 points on the day.

LONDON MARKETS

COFFEE PRICES settled at the day's highs, with three-month robusta adding £9 a tonne to close at £1,269 – the highest closing level since November 20 – following Friday's 226 rise. Continued strong demand for arabicas and the rise in New York futures sparked buying, with a firm dollar lending support, dealers said. Although demand for robustas remained slack, roasters may switch to the cheaper varieties soon if the premium for arabicas continues to rise. Cocoa prices failed to hold early gains, with the purchase of a further 3,000 tonnes by the International Cocoa Organization buffer stock having little impact, dealers said. Spot prices fell sharply in the afternoon, following New York down. Meanwhile, nickel prices on the LME fell further, with three-month metal \$30 a tonne lower at \$7,713. Analysts said the metal needed to hold that level – around \$30.50 a lb – if the market was to re-test recent highs.

SPOT MARKETS

Crude oil (per barrel FOB) + or -
Dubai \$15.60-5.62 +0.075
Brent Blend \$15.50-5.60 +0.325
W.T.O. (per mmt) \$17.45-50.40-3.30

Oil products (NWE prompt delivery per tonne CIF) + or -

Premium Gasoline \$160-183 +1
Gas Oil (per tonne) \$141-171 +1
Heavy Fuel Oil \$72-74 +1
Naphtha \$152-155 +2.5

Other + or -

Gold (per troy oz) \$43.75 +4.75
Silver (per troy oz) \$63c +4.75
Platinum (per troy oz) \$45.00 +5.75
Palladium (per troy oz) \$117.85 +1.00

Airline (free market) -20

Copper (per tonne) 100-113c +1

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

Lead (US Prime Western) 25c -2.50

Nickel (free market) 370c -5

Tin (European free market) \$3500 +10

Tin (Malaysian market) 316.00c -1.00

Zinc (Euro. Prod. Price) \$580

Zinc (US Prime Western) 45.375c +0.625

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling quiet but nervous

STERLING CHARTED a relatively neutral course in currency markets yesterday, unaffected by a rise in interest rates and lower equity prices. A strike by Ford workers and a spate of other industrial disputes failed to have an immediate effect but dealers were a little anxious for sterling in the longer term.

Some analysts pointed out that the situation now was a lot different from in the late 70's when industrial disputes inevitably hit the pound. The UK economy shows signs of being much leaner and fitter than a decade ago. In addition, with the UK budget next month likely to preface a balanced budget and a cut in personal taxation, there seemed to be little immediate reason to sell sterling short. There has certainly not been an overnight change in the economic climate and part of yesterday's push for higher interest rates was almost certainly accelerated by the market's constant desire to get bad news out of the way as quickly as possible.

Indeed the odds are still firmly on the next move will be upwards. But as Mr Nick Parsons at Union Discom agreed, the Bank of England's assertive move in raising base rates earlier this month took the market by surprise and gave the pound a helping hand. This is not something they will readily wish to surrender. A rise in base rates, pressure-led from the market, would resurrect

previous suggestions of the tail wagging the dog.

Sterling's exchange rate index finished at 74.1, unchanged from the opening and only slightly down from Friday's close of 74.2. Against the dollar it closed at \$1.7540 from \$1.7565 and was lower again against the D-Mark at DM2.9726 from DM2.9800. It also lost ground against the yen to Y225.76 from Y226.26 and finished elsewhere at SF12.4300 from SF12.4400 and FF10.0375 compared with FF10.0600.

The dollar finished below the day's highs, having failed to establish itself above DM1.70. Friday's rally did not provide any further impetus on approaching the Y129.50 level. The US unit closed at Y129.30 from Y129.35 in New York on Friday.

Most traders agreed that the dollar was unlikely to move strongly in either direction for some time after US trade figures for December were released on Friday. In addition, Japanese figures for January are expected to show a continuation of the steady decline in the Japanese trade surplus.

Consequently the US unit drifted down from early highs but remained within quite a tight range. Against the D-Mark it finished at DM1.6950, down from a high of DM1.7055 and Friday's close of DM1.6980.

EMS EUROPEAN CURRENCY UNIT RATES

	Con central rate	Currency name	% change from central rate	% change adjusted for divergences	Divergence %
Belgian Franc	62.2902	62.2907	+0.77	+0.82	+1.544
Denmark Krone	7.85212	7.8545	+0.34	+0.21	+1.540
German D-Mark	2.02653	2.02651	+0.35	+0.35	+1.545
Icelandic Krona	0.21943	0.21913	+0.03	+0.03	+0.712
Dutch Guilder	0.765611	0.76532	+1.03	+0.88	+1.604
Irish Punt	1.04303	1.04303	-0.48	+0.27	+0.672

Changes for Ecu, therefore parity change denotes a weak currency. Adjusted calculated by Financial Times.

£ IN NEW YORK

Feb. 8	Last	Previous Close
2 Spot	1.7516-1.7528	1.7525-1.7535
1 month	1.7522-1.7539	1.7525-1.7539
3 months	1.7524-1.7540	1.7525-1.7539
12 months	1.7525-1.7540	1.7525-1.7539

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Feb. 8	Last	Previous
8.20	74.1	74.4
8.15	74.1	74.4
12.00	74.2	74.4
2.00	74.1	74.4
3.00	74.2	74.4
4.00	74.1	74.4

Source: London Stock Exchange. Financial Times 12.40-12.50 - Standard forward dollar 2.32-2.70pm 12

CURRENCY RATES

Feb. 8	Bank of England	Special Drawing Rights	European Currency Unit
Starting	0.707070	0.670132	
U.S. Dollar	1.7230	1.7230	
Austrian Schilling	1.7223	1.7223	
Austrian Schill.	1.64527	1.64527	
Belgian Franc	0.770552	0.770552	
Deutsche Mark	1.2815	1.2815	
French Franc	0.770552	0.770552	
Italian Lira	1.2250	1.2250	
Japanese Yen	1.2250	1.2250	
Swiss Franc	1.2250	1.2250	
Swedish Krona	1.2250	1.2250	
Greek Drachma	0.6250	0.6250	
Irish Punt	1.04355	1.04355	

Source: London Stock Exchange. Financial Times 12.40-12.50 - Standard forward dollar 2.32-2.70pm 12

All SDR rates for February 5

Long-term Eurobonds: two years 8.75 per cent; three years 9.5-10 per cent; four years 10.5-11 per cent; five years 11.5-12 per cent; six years 12.5-13 per cent. Short-term rates are paid for US Dollars and Japanese Yen only, others, one day notice.

Use indicated currency. Belgian franc is convertible franc. French franc is non-commercial franc.

DOLLAR SPOT- FORWARD AGAINST THE POUND

Feb. 8	Day's spread	Close	One month	% m.	Three months	% m.
US	1.7445-1.7559	1.7355-1.7545	0.32-0.25pm	2.0%	1.19-1.20pm	2.6%
Canada	2.2020-2.2215	2.1920-2.2215	0.13-0.11pm	0.5%	0.68-0.75pm	1.0%
Belgium	1.214-1.224	1.212-1.224	0.11-0.08pm	1.5%	1.18-1.20pm	1.5%
Denmark	1.1355-1.1371	1.1357-1.1371	0.04-0.03pm	0.5%	1.12-1.13pm	0.5%
France	1.214-1.224	1.214-1.224	0.04-0.03pm	0.5%	1.18-1.19pm	0.5%
Germany	1.235-1.245	1.235-1.245	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Italy	1.224-1.234	1.224-1.234	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Norway	1.1255-1.1264	1.1254-1.1264	0.04-0.03pm	0.5%	1.12-1.13pm	0.5%
Sweden	1.2045-1.2145	1.2045-1.2145	0.04-0.03pm	0.5%	1.19-1.20pm	0.5%
Switzerland	1.244-1.254	1.244-1.254	0.04-0.03pm	0.5%	1.23-1.24pm	0.5%
Yugoslavia	1.2271-1.2471	1.2271-1.2471	0.04-0.03pm	0.5%	1.22-1.23pm	0.5%
Norway	0.641-0.651	0.641-0.651	0.04-0.03pm	0.5%	0.63-0.64pm	0.5%
Sweden	0.651-0.661	0.651-0.661	0.04-0.03pm	0.5%	0.64-0.65pm	0.5%
Japan	1.205-1.215	1.205-1.215	0.04-0.03pm	0.5%	1.19-1.20pm	0.5%
Denmark	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Belgium	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Italy	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Germany	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Norway	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Sweden	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Japan	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Denmark	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Belgium	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Italy	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Germany	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Norway	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Sweden	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Japan	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Denmark	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Belgium	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Italy	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Germany	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Norway	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Sweden	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Japan	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Denmark	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm	0.5%	1.21-1.22pm	0.5%
Belgium	1.2245-1.2345	1.2245-1.2345	0.04-0.03pm			

UNIT TRUST INFORMATION SERVICE

~~April 10, 1910~~

Continued on next page

UNIT TRUST INFORMATION SERVICE

جذب الماء

LONDON STOCK EXCHANGE

Government bonds and equities fall heavily on interest rate uncertainty

Account Dealing Dates
Options
First Declared Last Account
Deals Dates Dealings Day
Jan 11 Jan 21 Jan 22 Feb 1
Jan 25 Feb 4 Feb 5 Feb 15
Feb 8 Feb 18 Feb 19 Feb 15
"New" deals may take place from the 1st
and two business days earlier.

THE CITY of London's renewed concerns over inflation and interest rates deepened significantly yesterday as Ford Motor's UK plants were halted by the first strike for a decade. A sharp rise in London money market rates set the stage for a slump of more than 40 FT-SE points in equities, taking the FT-SE 100 Index below 1700 for the first time since December 16. There were losses of more than a full point in Government bonds, although Index-linked Government securities, again sustained by their inflation-hedge properties, suffered only moderate falls.

With the Ford strike underway from midnight on Sunday, the securities markets opened on the downswing, and quickly extended their losses. At its worst point, the equity market was just over 50 points off and a lower opening on Wall Street took the heart out of London at the close.

The final reading on the FT-SE 100, at 1694.5, showed a net loss on the day of 43.3 points, with the loss of 2.5 per cent representing a fall of £9.23bn in equity market values, according to Datastream.

Selling was moderate with the institutions largely content to stay out of the way. The market broke through an important support level of FT-SE 1710, and the chart experts were little impressed when it bounded at 1697, the next testing level.

Miss Amanda Sells, chartered at Chase Manhattan, believes that even if the market manages a technical bounce this week, it will soon test 1640, after which 1600 could be the next stop.

The fear that the worsening labour situation could undermine the Government's anti-inflationary policies, and revive upwards pressures on interest rates, took London three months up to 9½ per cent at first, signposting another half-point increase as the deadline arrived. The City held its breath at mid-season, when the Bank traditionally acts on interest rates, and remained apprehensive although the deadline passed without incident. Some analysts still believe that another base rate hike is possible before Budget Day, March 15.

Government bonds were in a similarly negative mood as they moved into a week to be featured on Friday by both the latest US trade figures, and also the UK Retail Price Index, the chief indicator of domestic inflation. Yesterday brought confirmation of UK consumer credit expansion, which grew 4 per cent to £38.4bn over the three months to December, but of a slight moderation in producer prices.

Bond prices fell by nearly two points initially as the City anxiously awaited the deadline for a base rate move. Selling was light, however, with little sign of retail pressure. By the close, the longer dated had steadied to show net losses of just over a point. Treasury 13% per cent '08-08 ended 14 down at 131.6. Short dated issues reflecting money market worries, lost around 4 of a point.

Index-linked stocks, which are expected to move higher if inflation concerns continue, were again restrained by the £200m of new supply on offer at the Bank of England. However, losses were held to 4 or so.

British Telecom dipped 5 to 234p, after 232p and attracted a turnover of 9m shares; Chase Manhattan Securities were again strong buyers of the stock after reiterating its "buy" recommendation ahead of the third quarter figures scheduled for February 25.

Mr Patrick Hickey, Telecom's chief executive, is predicting third quarter pre-tax profits of £550m for Telecom against a comparable £505m last year. For the full year, he forecasts a £2.3bn against £2.07 bn "BT," says Hickey, "is the classic defensive and is benefiting from high UK and international traffic volumes".

Calar Group lost a further 18 to 545p on a turnover of 1.7m shares with another parcel of 1m shares traded at 540p. The 1m shares were thought by dealers to be selling by British Gas to last week, and rumoured to have sold a stake of around 2 per cent of Calor and were seeking to unload the remaining 2 to 3 per cent they held.

Burmah gave up 11 to 474p despite Press comment that Middle Eastern interests may be considering a bid for the group. Other oils continued to lose ground after the recent brokers' circulars advising profit-taking in the sector, and despite the improvement in crude oil prices yesterday.

BT settled fraction off at 268p with 10m changing hands while the pair - paid where 11m were traded - dipped 2 to 75p with the Kuwaitis thought to have added to their holding.

The slump in share prices weighed heavily on the banking and financial sectors which fell sharply before picking up slightly late in the session.

The clearers, where the first of the preliminary reports, those of NatWest, are due on February 23, remained unsettled and Barclays dipped 14 to 459p, Midland 22 to 385p, NatWest 20 to 575p and Lloyds 9 to 249p.

A warning of severe weather in the UK from midnight last night triggered a flurry of selling in the insurance sector with particular emphasis on the composites. Royal Insurance, active/turnover topped 6m

FINANCIAL TIMES STOCK INDICES											
	Feb. 8	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Year Ago	1987/88	Since Comptition			
							High	Low	High	Low	
Government Bonds	98.17	99.08	99.25	99.50	99.35	98.12	99.32	99.73	127.4	49.18	
Fixed Interest	94.77	95.59	95.74	95.79	95.69	92.85	(94.86)	(94.96)	(94.91)	(94.73)	
Ordinary ▲	1348.0	1357.1	1310.9	1402.2	1320.1	1316.6	1311.2	130.2	135.4	51.53	
Gold Mines	249.0	251.0	247.7	233.1	257.3	319.2	477.5	267.7	132.0	104.2	
Ord. Div.Yield	4.43	4.50	4.43	4.42	4.39	3.74	4.43	4.43	20.7	7.97	
Earnings Yld. (%)	11.66	11.34	11.38	11.16	11.09	8.80	11.66	11.02	130.9	10.25	
P/E Ratio (Ex-Div.)	10.48	10.77	10.93	10.95	11.02	13.24	10.48	10.25	200.5	45.07	
SEQ Ratios (Span)	27.892	27.495	22.715	23.644	24.230	53.796	27.892	27.007	226.6	239.8	
Equity Turnover (Ex-Div.)	1010.98	1126.51	1126.51	1126.51	1126.51	227.36	1010.98	1012.51	127.8	127.8	
Shares Traded (Mm)	52.179	28.95	26.20	28.58	62.04	52.179	52.179	52.179	152.8	141.3	
Shares Traded (Mm)	455.8	421.1	382.1	368.0	457.9	455.8	455.8	455.8	152.9	142.9	
▼ Opening	1365.5	1358.3	1350.9	1351.5	1350.8	1344.2	1365.5	1344.2	1348.4	1348.4	
Day's High 1365.5	Day's Low 1343.6										
Base 100 Govt. Secs 150/25, Fixed Int. 1/25, Ordinary 1/75, Gold Mine 129/95, S.E. Activity 1974 - NH 103.9.											

	Feb. 8	Feb. 5	Feb. 4	Feb. 3	Feb. 2	Year Ago	1987/88	Since Comptition			
							High	Low	High	Low	
Gilt Ed. Bargains	185.1	180.9									
Short Gilt Ed. Bargains	200.5	202.5									
5-Day average	202.6	202.6									
Gilt Ed. Bargains	152.8	141.3									
Equity Bargains	200.0	201.0									
Shares Traded (Mm)	137.2	134.8									
Shares Traded (Mm)	455.8	421.1									
▼ Opening	1365.5	1358.3									
Day's High 1365.5	Day's Low 1343.6										
Base 100 Govt. Secs 150/25, Fixed Int. 1/25, Ordinary 1/75, Gold Mine 129/95, S.E. Activity 1974 - NH 103.9.											

LONDON REPORT AND LATEST SHARE INDEX: TEL 01-0898 123001

where the shares even recently have still been suffered from profits downgrading after the October weather storms, to 237p before rallying to close a net 12 down at 235p, despite the fact that it is believed to have purchased a refinery of around £75m as from January 1 this year. BZW is currently advising clients to reduce their holdings in Royals ahead of the February 25 figures. Commercial Union closed 9 off at 307p, after 302p, General Accident 15 to 80p, and GRRE 12 to 83p. Sun Alliance dropped 31 to 79p.

Legal and General picked up well late to settle only 2 off at 257p in the wake of substantial switching into the shares from Prudential - a move recommended by BZW and UBS Phillips and Drew.

Gold producers Waverley Mining Company staged a satisfactory trading debut despite the general malaise, the shares holding steady around the placing price of 80p.

Guinness were one of few brewing majors to attract the interest of institutional investors at the lower price levels. The buying was sporadic but sufficient to cushion the fall in the shares which, after a turnover of 2.4m, settled only 4 lower at 271p. Volume in other sector leaders was smaller and the losses were more severe. Allied-Lyons slipped 6 to 324p, Bass gave up 15 at 760p and Whitbread "A" slipped 6 to 276p. Regional issues also trended lower with the exception of Eldridge Pope "A", up 4 to 345p. Distillery shares were supported by a bullish circular

on prospects for the whisky market from Scottish broking house of Campbell Neil, a subsidiary of Hutton Govett Financial Services. Macdonald Martin "A" rose 4 to 511.9p.

The interest-rate sensitive Building sector came back quite sharply. Losses stretched to double figures with Redland under pressure and finally 14 lower at 405p. Tarmac dipped 16 to 213p and George Wimpey gave up 14 to 226p in a weak housebuilding sector.

ICI closed some 37 lower at 985p, mirroring the overall market weakness coupled with persisting rumours that the company could announce a rights issue or stop placing to fund the acquisition of Burlington NY, the pharmaceuticals company controlled by Montedison.

The stores sector endured another dreary session with worries over a possible interest rate increase triggering a fresh bout of selling pressure. The final figure for retail sales in December was bang in line with estimates and analysts are now focussing on the provisional retail sales figure for January which is scheduled to be announced on Monday.

W.S. Smith "A" were particularly weak, closing 9 off at 284p after analysts at two securities houses were thought to have lowered their profit estimates for the company. Ward White were well supported and were only a shade easier at 303p after Wood Mackenzie, part of County West, and Morgan Grenfell issued buy" recommendations. Amstrad were extremely active/turnover topped 6m

shares) and ran back 10 to 131p ahead of the interim figures. Analysts' estimate ranges from around £80m to £85m, with a majority at the top end. GEC, the 12m shares changed hands, dipped 3 to 150p and Plessey, due to announce third quarter results on February 18, eased 4 to 142p.

DTD Group jumped 5 to 67p in response to news that April Computers has acquired a 13.18 per cent stake in the company. The threat of industrial action by aircraft engineers over a two-year pay deal made for unease in British Airways which fell away to close 8 down at 148p. Around 5.7m shares changed hands. Renters, scheduled to reveal preliminary figures shortly, remained a friendless target and dipped 42 more to 440p. Eascom, a particularly good performer of late, ran into selling and reached 16 to 607p while Grandia, also a recent favourite,

Friday's disclosure that Hillsdown Holdings had built a 3.57 per cent stake in the company failed to sustain Tate & Lyle yesterday which fell away to close 17 lower at 792p. Among other Food Manufacturers, United Biscuits dipped 12% to 256p as the market anticipated the acquisition of frozen foods supplier Ross Foods. Cadbury Schweppes were dull at 235p, down 7 and Dabligay shed a similar amount to 316p, the latter not helped by candle manufacturer. Kwik-Fit were similarly hard hit and lost 10 to 176p. Distributors also suffered with Perry dipping 15 to 190p and Jessops 10 to 150p. Rover edged higher on hopes that the group would increase its dividend and 4.4% to 141p.

Retailers featured a lively turnover in J. Sainsbury, (2.6m shares) with the price off at 220p; 711,000 shares went through the system at 218p with another block of 500,000 shares traded at 220p. ASDA-MP, up 6 to 167p and Tesco edged 5 to 145p, the latter despite a recommendation from Wood Mackenzie, the County West subsidiary.

The 12m shares in international stocks were hard hit in the general retreat. Double figure losses were commonplace but the volume of trade again left a lot to be desired. Hansen, 31/4 lower at 126p, were one of the more active stocks (some 5.7m) in the wake of news of the sale by Kaiser Cement of its Lucerne Valley plant for approximately \$195m. The City is expecting further sale news from Hansen with the Rose Young frozen food business thought to be the next likely disposal.

OCG, following the announcement of the new 10% disposal, 16 to 215p, down 15. Waverley Cammell, the Scottish stationery maker, moved against the trend, gaining 30 to 150p, up 10. Wm. Morris, the bookshop chain, was another 15p higher to 155p, down 15. Wm. Morris, the bookshop chain, was another 15p higher to 155p, down 15.

Wm. Morris, the bookshop chain, was another 15p higher to 155p, down 15.

Wm. Morris, the bookshop chain, was another 15p higher to 155p, down 15.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 3

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 2 or more cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also declared, b-annual rate of dividend plus stock dividend, c-liquidating dividend, d-called, e-new year, f-a-dividend declared or paid in preceding 12 months. g

ex-dividend declared or paid in preceding 12 months; *d*-dividend in Canadian funds, subject to 15% non-residence tax if dividend declared after split-up or stock dividend; *d*-dividend paid this year, credited, deferred, or no action taken at latest dividend meeting; *d*-dividend declared or paid this year, an action taken to accumulate issue with dividends in arrears; *m*-new issue in the last 52 weeks. The high-low range begins with the start of trading, *rd*-next day delivery, *P/E*-price-earnings ratio, *r*-dividend declared or paid in preceding 12 months, plus stock dividend; *s*-stock split. Dividends begin with date of split, six months later. *t*-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. *tr*-trading price at year's end. *v*-trading halted, via bankruptcy or receivership or being reorganized under the Bankruptcy Act, or secured by

ip or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-distributed, wh-withheld, wu-with warrants, x-ex-dividend or ex-rights, xds-ex-distribution, xu-without warrants, y-ex-dividend and sales in full, yd-yielded, z-sates in full.

AMEX COMPOSITE CLOSING PRICES

Stock	P	52	High	Low	Close	Change	Stock	P	52	High	Low	Close	Change	Stock	P	52	High	Low	Close	Change													
Sack	6w	B	100s	High	Low	Close	Change	Stock	Dv	E	100s	High	Low	Close	Change	Stock	Dv	E	100s	High	Low	Close	Change										
ATSE	111	74	714	75	75	-1		Defined	178	76	13-16	13-16	13-16	-1-1		IraqBrd	10	14	197	195	195	-1		R.R.	R.R.	77	4	312	312	312	-1		
AcmePr	1	14	15	15	15	+1		Dillard	16	14	370	342	337	-3	J	K		Jacobs	15	20	16	150	150	-1		REHY	77	4	312	312	312	-1	
Actions	5	16	153	15	151	+1		Diodes	2	17	17	17	17	-1		JohnPd	18	7	21	228	228	-1		Regan	12	57	5	171	171	-1			
Alcatel	50	59	74	56	56	-1		DomExP	1363	15-16	15-16	15-16	15-16	-1		KayCap	12	4	4	95	95	+1		Renabg	116	94	94	94	94	-1			
Alphatel	102	102	102	96	96	-1		Ducom	20b	11	14	10	95	-1		Kimark	9	30	27	216	216	+1		Resrt A	214	214	214	214	214	-1			
Amts	63	1276	265	265	265	-1		Duplex	68	12	47	183	183	-1		Kirby	142	35	31	31	31	-1		Rogers	214	214	214	214	214	-1			
Amdahl	20	1164	312	312	312	-1		E	E	E	E	E	E			KogarC	240	125	88	278	278	-1		Rudick	326	10	23	16	157	-1			
Alaris	31e	5	11	141	14	-1		EagleCl	3	1	1	1	1	-1																			
AlmazR	8	28	125	125	125	-1		EstrCo	18	11	2	314	314	-1																			
AlmazS	52	5	15	127	125	-1		EchoG	67	2749	15	15	15	-1																			
AlmBld	167	167	167	165	165	-1		Eisenor	16	23	115	115	115	-1																			
Alped	50s	10	29	65	64	+1		EmpaA	28	17	152	31	31	-1																			
Alprec	20	30	29	44	44	-1		Embal	106	34	34	34	34	-1																			
Amplif	65	4	45	15	15	-1		Esprey	40	15	5	78	78	-1																			
AmpliCm	14	44	45	45	45	-1		F	F	F	F	F	F																				
Amstr	20	139	65	65	65	-1		Fabrid	.50	8	4	267	267	-1																			
Amstel	25	265	62	62	62	-1		Fidata	30	61	5	5	5	-1																			
Amstel	104	104	104	104	104	-1		FitusPr	138	37	27	124	124	-1																			
Amstel	34	114	107	107	107	-1		Fluke	126	62	6	164	164	-1																			
Amstel	185	185	185	185	185	-1		Forstl	17	403	161	154	154	-1																			
Amstel	186	186	186	186	186	-1		FruitLn	343	51	5	5	5	-1																			
Amstel	187	187	187	187	187	-1		FurVt	20	18	21	32	32	-1																			
Amstel	188	188	188	188	188	-1		G	G	G	G	G	G																				
Amstel	189	189	189	189	189	-1		GiantF	.56	5	10	65	65	-1																			
Amstel	190	190	190	190	190	-1		GinVig	328	14	14	14	14	-1																			
Amstel	191	191	191	191	191	-1		GiantS	.70	15	38	31	30	-1																			
Amstel	192	192	192	192	192	-1		Gimme	1	18	24	23	24	-1																			
Amstel	193	193	193	193	193	-1		GlobnR	367	4	4	4	4	-1																			
Amstel	194	194	194	194	194	-1		GidFid	89	7	16	3	7-16	-1																			
Amstel	195	195	195	195	195	-1		GirdGu	34	34	15	15	15	-1																			
Amstel	196	196	196	196	196	-1		GirkIC	.64	15	423	51	49	+9%	-1																		
Amstel	197	197	197	197	197	-1		Granns	18	4	12	4	4	+1	-1																		
Amstel	198	198	198	198	198	-1		Greiner	10	102	131	131	131	-1																			
Amstel	199	199	199	199	199	-1		GroCm	42	70	38	10	10	-1																			
Amstel	200	200	200	200	200	-1		GroCmRn	40	68	68	12	12	-1																			
Amstel	201	201	201	201	201	-1		H	H	H	H	H	H																				
Amstel	202	202	202	202	202	-1		Halmi	8	63	11	12	12	-1																			
Amstel	203	203	203	203	203	-1		HampB1	37	6	12	75	75	-1																			
Amstel	204	204	204	204	204	-1		HdkRm	136	20	20	61	61	-1																			
Amstel	205	205	205	205	205	-1		Habs	.99	13	235	131	131	-1																			
Amstel	206	206	206	206	206	-1		Hach	1	21	26	25	25	-1																			
Amstel	207	207	207	207	207	-1		Hawl	234	10	340	21	205	-1																			
Amstel	208	208	208	208	208	-1		HawCo	10	21	20	21	20	-1																			
Amstel	209	209	209	209	209	-1		HawCo	10	21	20	21	20	-1																			
Amstel	210	210	210	210	210	-1		HawCo	10	21	20	21	20	-1																			
Amstel	211	211	211	211	211	-1		HawCo	10	21	20	21	20	-1																			
Amstel	212	212	212	212	212	-1		HawCo	10	21	20	21	20	-1																			
Amstel	213	213	213	213	213	-1		HawCo	10	21	20	21	20	-1																			
Amstel	214	214	214	214	214	-1		HawCo	10	21	20	21	20	-1																			
Amstel	215	215	215	215	215	-1		HawCo	10	21	20	21	20	-1																			
Amstel	216	216	216	216	216	-1		HawCo	10	21	20	21	20	-1																			

Have your F.T.
hand delivered . . .

at no extra charge, if you work in the business centres of
LISBOA & PORTO

Lisboa 887844 And ask Roberto Alves for details.

AMERICA

Dow weighed down by economic uncertainties

Wall Street

UNCERTAINTIES about the direction of the economy, the trade balance and US Federal Reserve interest rate policy are likely to dominate trading in the equity market this week, writes Janet Bush in New York.

The two major events this week are the meeting of the Federal Open Market Committee today and tomorrow and Friday's publication of December trade figures.

The market made a weak start to the week as US equities were undermined by a decline in US Treasury bond prices and a fall in the London stock market which is unsettled by several legal disputes.

The Dow Jones Industrial Average dropped around 20 points almost as soon as the market opened, partly on stock index arbitrage programmes, and then stabilised at around that level for most of the morning. By the close, the Dow had drifted above its lows to close 14.76 points lower at 1,896.72.

The equity market has increasingly suffered from the view, which now appears to be in the ascendant, that the US economy is slowing down considerably and the US Federal Reserve will ease monetary policy.

Although lower interest rates are normally a positive influence for equities, they are failing to reap the benefit from speculation of looser monetary policy partly because US bonds are becoming such an attractive option for many investors.

Bonds are regarded as less volatile than stocks, there are no regulatory uncertainties hanging over the fixed interest sector and lower interest rates are unambiguously good for bonds.

The bond market has rallied remarkably in the last two weeks on the back of several economic releases suggesting

slower economic growth. However, there is no easily discernible pattern in the interrelation of the two markets.

Sometimes, equities move lower as bonds rally and funds flow out of stocks into fixed interest. Even so, when the bond market is falling, equities appear to suffer as they did yesterday morning.

The Treasury's benchmark 8.875 per cent 30-year issue closed around 5% lower to yield 8.36 per cent.

Some analysts said the equity market was weak despite the fall in bond prices because the tone of the market remains generally bearish and the fall in bond prices will rise again once the current bout of profit-taking has run its course.

Both markets will be watching the FOMC meeting carefully amid widespread expectations that the Fed will err towards easing monetary policy. While both markets are vulnerable if there is no sign of easing, they could also weaken if the Fed does decide to ease and that were to undermine the dollar.

In a week when trade is again in focus, the reaction of currency markets to news will once again be important.

In the equity market, blue chip issues were mostly lower. General Electric slipped 5% to 424, Proctor & Gamble was unchanged at \$814, Johnson & Johnson lost 3% to 764, American Telephone & Telegraph declined 5% to 2824 and IBM fell 5% to 1074.

Among the biggest movers yesterday was Dun & Bradstreet and market research company I.M.S. International after news that Dun & Bradstreet had agreed to acquire I.M.S. for about \$1.775 billion, or 142% of its share.

I.M.S. surged 6% to 5374 while Dun & Bradstreet fell 5% to 404.

Ford Motor Co fell 5% to 404. Ford workers in Britain launched a nationwide strike at

midnight last night, so stopping production at Ford's 22 plants where the company builds around 2,300 vehicles a day.

Primerica Corp slipped 5% to 227. The company announced in principle to sell its Musicland subsidiary to a group of investors for a total of about \$410m.

High Voltage Engineering added 5% to 174 after news its board had unanimously rejected a hostile \$17 a share tender offer from Hyde Park Partners.

J.P. Stevens and Co jumped 12% to \$45 after it had announced that it had received a leveraged buy-out offer from a private group.

The offer, at \$38 a share in cash and \$5 in market value of junior subordinated debentures for each Stevens common share,

Among companies reporting their latest results were Occidental Petroleum which fell 5% to 264 after the company announced net earnings of \$1.05 per share in 1987 compared with 72 cents a year earlier.

Greyhound Corp slipped 4% to 264% after its announcement of net earnings in the fourth quarter of 49 cents a share compared with 39 cents a year ago.

Texanamerica fell 5% to \$334. The company announced net earnings from continuing operations of 95 cents a share in the fourth quarter compared with 56 cents a share a year earlier.

PANIS turned mixed as profit-taking set in after five consecutive advances, but intense takeover speculation continued to lift turnover as low p/e ratios and weak shareholding bases have left many companies vulnerable.

Trading in liqueur maker Benedictine was suspended at Friday's closing price of FFr1,420 after a sharp drop in its share price.

The composite index lost 21.1 to 2,977.8 as declines outnumbered advances by 458 to 311 on light turnover of 16.7 million shares.

We have a strong Canadian dollar. That put a damper on the resource stocks, said Mr Joseph Ismail of Walwyn Stodhill Cochran Murray. "Forest products issues are being most affected by the strong dollar," said Ismail.

Base metals were mostly lower. Alcan Aluminum fell C\$114 to C\$304, Falconbridge C\$6 to C\$17 and Inco C\$4 to C\$22. Forest products were also broadly lower.

The CAC index climbed 5.8 to 2,764 but did not reflect the later slip in prices.

Arms and electronics group Matra was re-quoted at FFr123, an 11.8 per cent premium on its issue price of FFr110, after last month's flotation.

BRUSSELS was led sharply higher by frantic trading in Société Générale de Belgique which soared BFr610 to BFr3,360 as the battle for its

THE PROVERBIAL "Belgian dentist" — shorthand on continental courses for the small shareholder — almost certainly took his final bow yesterday in the dramatic bid battle for Société Générale de Belgique.

At the end of another hectic trading session on the Brussels Stock Exchange — around 3.4m La Générale shares, or 12 per cent of the total, changed hands as the price leapt a further 15 per cent — analysts predicted that the bulk of the company's capital now belongs to one or other of the major camps, or their "friends", and that uncommitted individual shareholders in the company may have all but disappeared.

"Everyone we know who was not directly involved has sold," one stockholder who did not wish to be identified said last night.

This transformation is nothing short of remarkable. Up to a few months ago only 28 per cent of La Générale's



Tim Dickson in Brussels examines how small shareholders have been left out in the cold. 'Belgian dentist' bids farewell to La Générale battle

because shares in Belgium are held in bearer (unregistered) form and their owners, wary of attracting the attention of the Belgian tax authorities, hardly ever turn up to annual meetings where their company's business is discussed.

This tradition of minimal shareholder participation is what lulled the Générale board into believing its authority could never be challenged. But the widely diversified spread of ownership and lack of any large individual stakes was also what gave Mr Carlo De Benedetti, the Italian businessman, the opportunity to mount his audacious bid.

With the Générale share price virtually doubling so far this year and a growing number of interested parties vying to increase their stake in the company, the Belgian dentist has, arguably, seldom had it so good.

Many in Brussels, however, fear the events of the last two to three weeks have too often



Mr. De Benedetti holds bid

left the small shareholder uninformed and at a real disadvantage to other investors in the market. Last week's "off hours" dealing — when a group of wealthy Flemish individuals are thought to have sold 4m shares to Paris-based institutions friendly to the Générale

board, notably the Suez group headed by Mr. René de la Genière — is being widely cited as a case in point. The price paid is known to have been BFr14,000 per share, against only BFr3,600 in the market.

The role of the Banking Commission — the government-appointed body which polices stock market activity and is meant to safeguard the interests of all shareholders — has come in for sharp criticism. "There is no doubt the decision to delay approval of Mr. De Benedetti's partial offer has created considerable uncertainty in the market and inspired much of the recent undisciplined buying

Société Générale has installed a special phone to deal with shareholder enquiries in the present uncertainty. "People who rang me mostly feel that they don't have any control over the situation, they feel rather helpless," said the man taking the calls last night.

Takeover activity enlivens Paris, Brussels

London falls back sharply on inflation fears

TAKEOVER talk continued to buzz around trading floors in France and Belgium yesterday as the spread further ahead of base rates in the rest of Europe latched onto any factor moving the markets higher, writes Our Markets Staff.

The firmers' dollar gave little cheer although selected West German blue chips advanced in cautious trading.

PANIS turned mixed as profit-taking set in after five consecutive advances, but intense takeover speculation continued to lift turnover as low p/e ratios and weak shareholding bases have left many companies vulnerable.

Trading in liqueur maker Benedictine was suspended at Friday's closing price of FFr1,420.

Petrofina put on BFr425, or 4 per cent, to BFr11,625 as it continued to rebound after falling on lower results last week.

Takeovers speculated surrounding Petrofina was not ruled out by analysts, although it seems unlikely due to its strong shareholding base. Also, most other blue chips have been climbing on the back of La Générale.

Solvay rose BFr400 to BFr10,850 and UCIB put on BFr1,500.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.

Elsewhere, price movements were narrow. Chemicals and banks were modestly higher while retailers and steel stocks slipped.

Bonds firmed despite some profit-taking in an otherwise quiet market. The Bundesbank index

firmly rose from 1,268.9 to 1,269.5.

Cars were fuelled by the dollar, with Daimler-Benz rising DM5.50 to DM577.50 and BMW adding DM2.50 to DM501.50.